ALSO

SPREADING KNOWLEDGE

ANNUAL REPORT
2016

KEY PERFORMANCE INDICATORS

FOR VIEWING WITH ALSO'S AUGMENTED REALITY APP

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ALSO VR

1 **REVENUE AND NET PROFIT**

2 **EARNINGS BEFORE INTEREST AND TAXES** (EBIT)

3 **RETURN ON INVESTED CAPITAL** (ROIC)

4 **CASH CONVERSION DEVELOPMENT**

5 **EQUITY AND RETURN ON EQUITY** (ROE)

6 **RETURN ON CAPITAL EMPLOYED** (ROCE)

7 **PRICE-EARNINGS RATIO** (P/E RATIO)

8 **NET WORKING CAPITAL** (NWC)

EDITORIAL

GUSTAVO MÖLLER-HERGT

CEO and Chairman of the Board of Directors of ALSO HOLDING AG

WELCOME TO THE WORLD OF ALSO

We are living in a knowledge-based society. We can successfully tackle the challenges of our time only if we share our knowledge and make it accessible to everyone. ALSO contributes to this by helping our customers – providers, buyers, and partners in the ICT industry – to work successfully.

For our 2016 Annual Report, we have developed a virtual-reality-based digital tour of the world of ALSO that explains our business models. It shows how the different parts of our industry work together to make knowledge available to everyone.

You can discover the digital experience via our website:
www.also.com/goto/report2016

Yours,

Gustavo Möller-Hergt

KEY FIGURES

	2016	2015	2014	2013	2012 [1]
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IN MILLION EURO)					
Net sales	7984.1	7792.1	7237.8	6532.6	6 297.0
Thereof Supply	6231.6	6018.1			
Thereof Services	220.3	211.7			
Thereof Solutions	1532.2	1562.3			
Gross margin	506.0	507.5	462.8	428.6	418.0
EBITDA	146.0	140.0	123.9	113.5	109.4
EBIT	128.5	109.9	96.0	87.4	83.5
Profit before taxes (EBT)	113.9	90.8	81.9	72.6	64.0
Net profit Group	83.2	62.9	60.9	50.1	45.5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN MILLION EURO)	**31.12.2016**	**31.12.2015**	**31.12.2014**	**31.12.2013**	**31.12.2012 [1]**
Cash and cash equivalents	55.5	40.0	24.2	41.6	5.5
Other current assets	1579.7	1464.8	1426.1	1210.1	1 076.5
Non-current assets	259.9	255.0	261.5	241.1	254.0
TOTAL ASSETS	**1895.1**	**1759.8**	**1711.8**	**1492.8**	**1 336.0**
Current liabilities	1100.4	1031.2	1025.4	932.2	869.6
Non-current liabilities	229.5	235.8	232.4	139.3	77.6
Equity	565.2	492.8	454.0	421.3	388.8
TOTAL LIABILITIES	**1895.1**	**1759.8**	**1711.8**	**1492.8**	**1 336.0**
Equity ratio	29.8 %	28.0 %	26.5 %	28.2 %	29.1 %
CONSOLIDATED STATEMENT OF CASH FLOWS (IN MILLION EURO)	**2016**	**2015**	**2014**	**2013**	**2012 [1]**
Free cash flow	70.5	21.3	−12.8	51.4	16.4
Cash flow before changes working capital	100.1	96.1	88.3	71.3	61.9
Investments in property, plant and equipment	6.8	9.8	6.3	5.6	4.6
KEY FIGURES	**2016**	**2015**	**2014**	**2013**	**2012 [1]**
Gross margin as % of net sales	6.3 %	6.5 %	6.4 %	6.6 %	6.6 %
Net profit Group as % of net sales	1.0 %	0.8 %	0.8 %	0.8 %	0.7%
Return on equity (ROE)	14.7 %	12.8 %	13.4 %	11.9 %	11.7 %
Net financial debt/EBITDA	1.14	1.54	1.44	0.67	1.04
Average headcount during the year [2]	3524	3649	3426	3155	2 985
EBITDA per employee in EUR 1000	41.4	38.4	36.2	36.0	36.6
SHARES OF ALSO HOLDING AG	**2016**	**2015**	**2014**	**2013**	**2012 [1]**
Number of registered shares, nominal value CHF 1.00 per share	12848962	12848962	12848962	12848962	12 848 962
Dividend per registered share (in CHF)	2.25 [3]	1.90	1.60	1.40	1.20
Earnings per share EPS (in CHF)	7.09	5.26	5.82	4.81	4.28
Equity per registered share (in CHF)	47.24	41.56	42.49	40.25	36.53
Market capitalization at December 31 (in Mio CHF)	1155.1	884.0	666.2	636.0	587.8
Price-earnings ratio (P/E ratio)	12.7	13.1	9.0	10.3	10.7

1) Figures adjusted for restatement
2) Basis: full-time equivalent positions excluding temporary employees
3) Proposal of the Board of Directors

SUSTAINABLE GROWTH

NET SALES
(IN BILLION EURO)

2016	7.98
2015	7.79
2014	7.24
2013	6.53
2012	6.30

+26.7 %

EAT
(IN MILLION EURO)

2016	83.2
2015	62.9
2014	60.9
2013	50.1
2012	45.5

+82.9 %

CASHFLOW BEFORE CHANGES WORKING CAPITAL
(IN MILLION EURO)

2016	100.1
2015	96.1
2014	88.3
2013	71.3
2012	61.9

+61.7 %

RETURN ON EQUITY (ROE)
(IN PERCENT)

2016	14.7 %
2015	12.8 %
2014	13.4 %
2013	11.9 %
2012	11.7 %

+25.6 %

SUSTAINABLE APPRECIATION
FOR SHAREHOLDERS

DIVIDEND PER SHARE
(IN SWISS FRANCS)

2016	2.25
2015	1.90
2014	1.60
2013	1.40
2012	1.20

+87.5 %

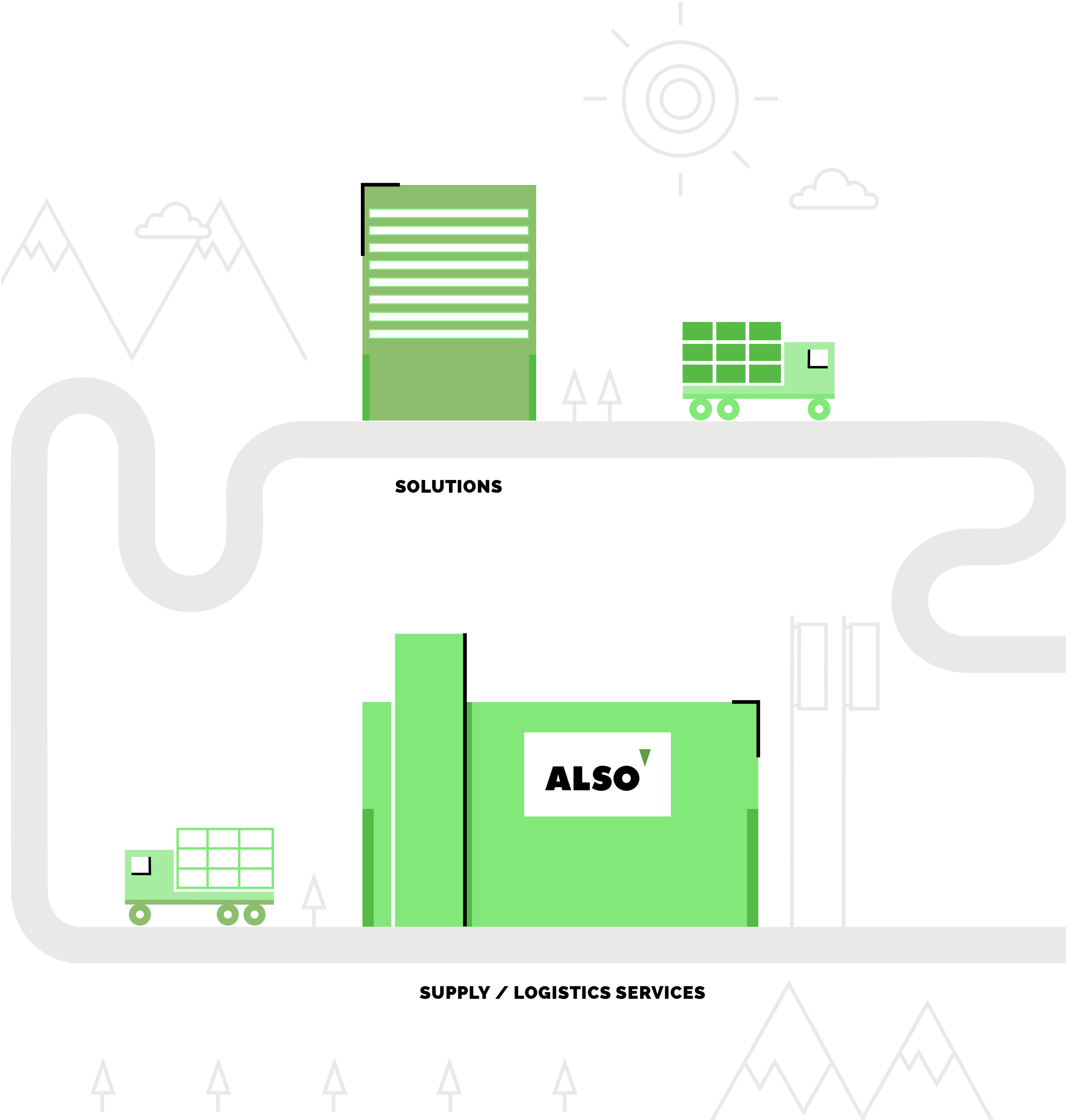
EARNINGS PER SHARE
(IN SWISS FRANCS)

2016	7.09
2015	5.26
2014	5.82
2013	4.81
2012	4.28

+65.7 %

This and all the following graphs as at 12/31/2016

SPREADING KNOWLEDGE WITH ALSO



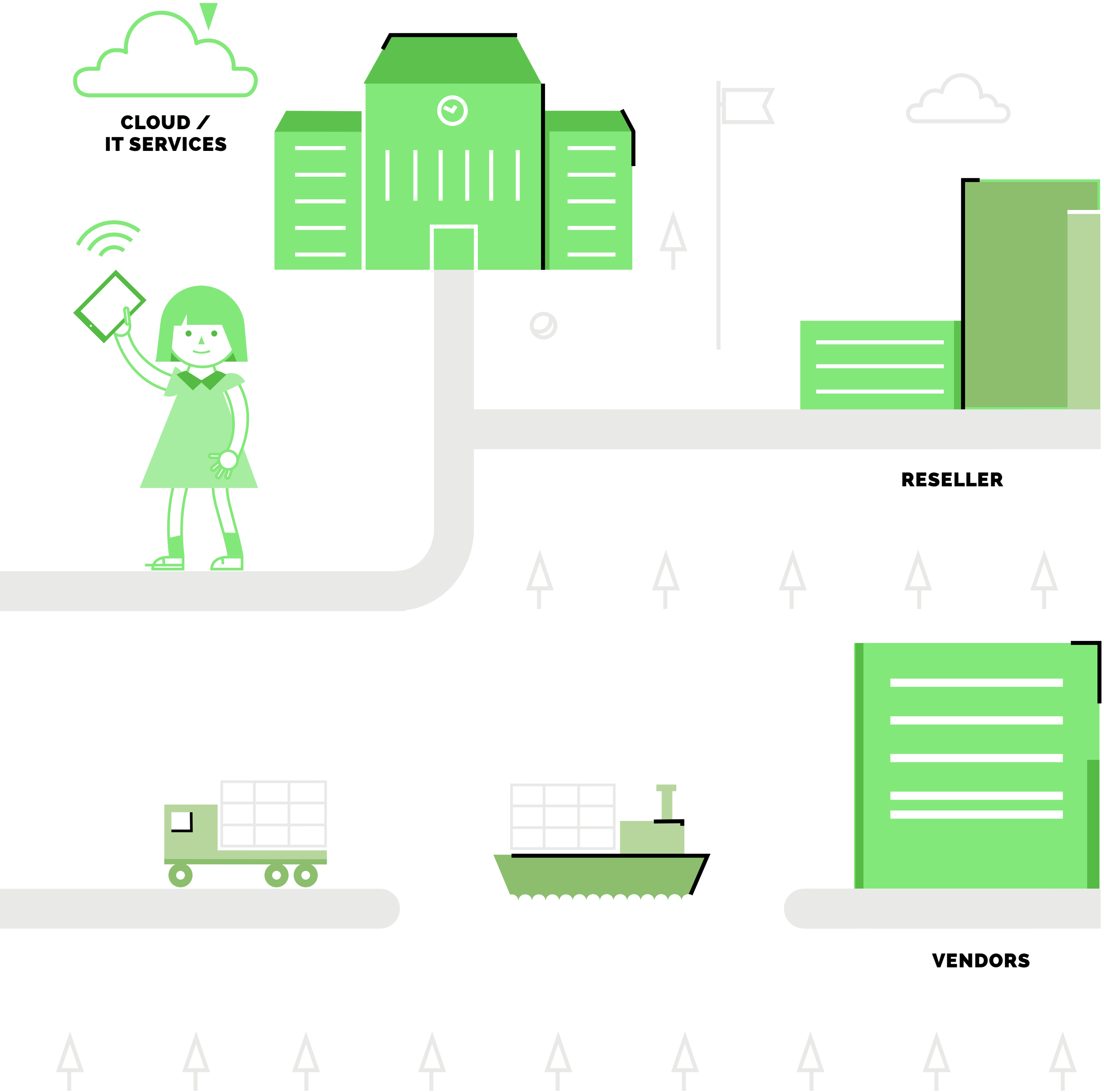
► VIRTUAL REALITY AND AUGMENTED REALITY – MORE INFORMATION FOR A NETWORKED WORLD

In preparing the current annual report, we worked with virtual reality and augmented reality. Virtual reality means nothing other than creating digital worlds. ALSO used this tool to make its different business models accessible to interested customers, investors, and other stakeholders in the liveliest possible way. To achieve this, 360-degree films were shot and joined together in a virtual world. Using augmented reality, the graphical presentation of the key business figures is made available to observers.

The combination of VR and AR with a wide variety of mobile devices, wearables, the Internet of Things, ambient sensors, and bots, will unlock digital worlds and experiences in the future. ALSO is already working with these technologies and constantly testing new potential applications. Only by doing so can we continue to offer future-oriented services proficiently for our customers in the ICT industry. On our website you will find detailed instructions on how to use the app as well as the option of ordering a printed annual report.

www.also.com/goto/report2016

We will also use the app for future communication, for example to give our shareholders access to the development of ALSO's key figures.



ALSO INSIGHTS INTO THE 3 S

SUPPLY

15 LOGISTICS CENTERS THROUGHOUT EUROPE

UP TO 14 MILLION CONSIGNMENTS SENT P.A.

> 0.02 % ERROR RATE IN ORDER PICKING

675 000 FINANCIAL TRANSACTIONS P.A.

SOLUTIONS

75 000 STUDIES ON CONFIGURATION AND ARCHITECTURE

30 000 HOURS OF CONSULTING

1 500 PROOF OF CONCEPTS

ALSO

MARKET PLACE

SERVICES

IT SERVICES

MORE THAN 650 SERVICES BY OVER 50 SERVICE PROVIDERS

MORE THAN 35 000 END CUSTOMERS

MORE THAN 350 000 USERS

LOGISTICS SERVICES

ABOUT 40 000 DEVICES PER DAY SENT TO CUSTOMERS ON BEHALF OF RESELLERS

ALSO IN BRIEF

500
PROVIDERS, INCLUDING CA.
50
DIGITAL SERVICEPROVIDERS

ALSO MARKETPLACE

188 000 ARTICLES

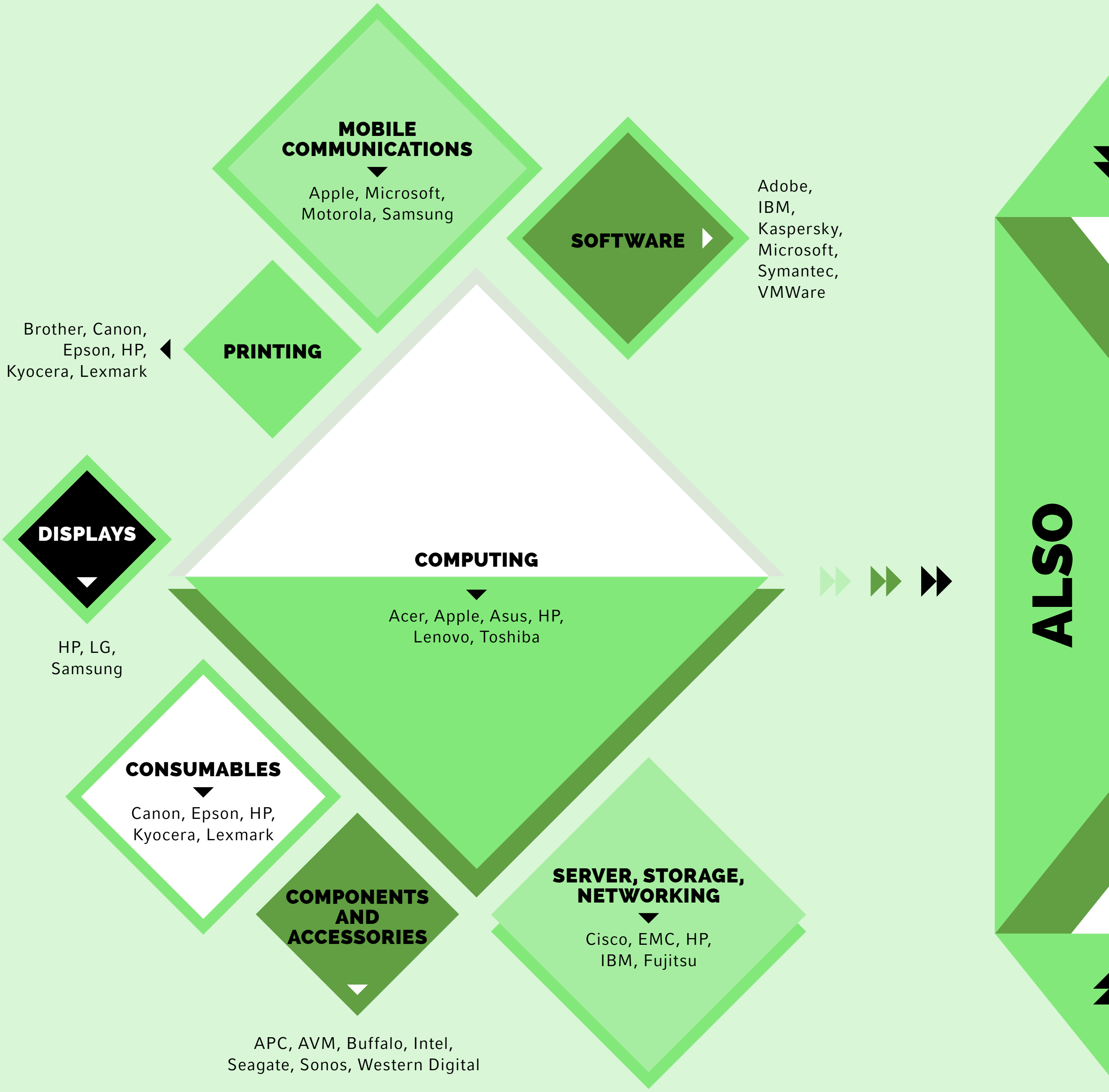
700 CLOUD / IT SERVICES

100 000
BUYERS, INCLUDING
50 000
RESELLERS

35 000
END CUSTOMERS
350 000
USERS

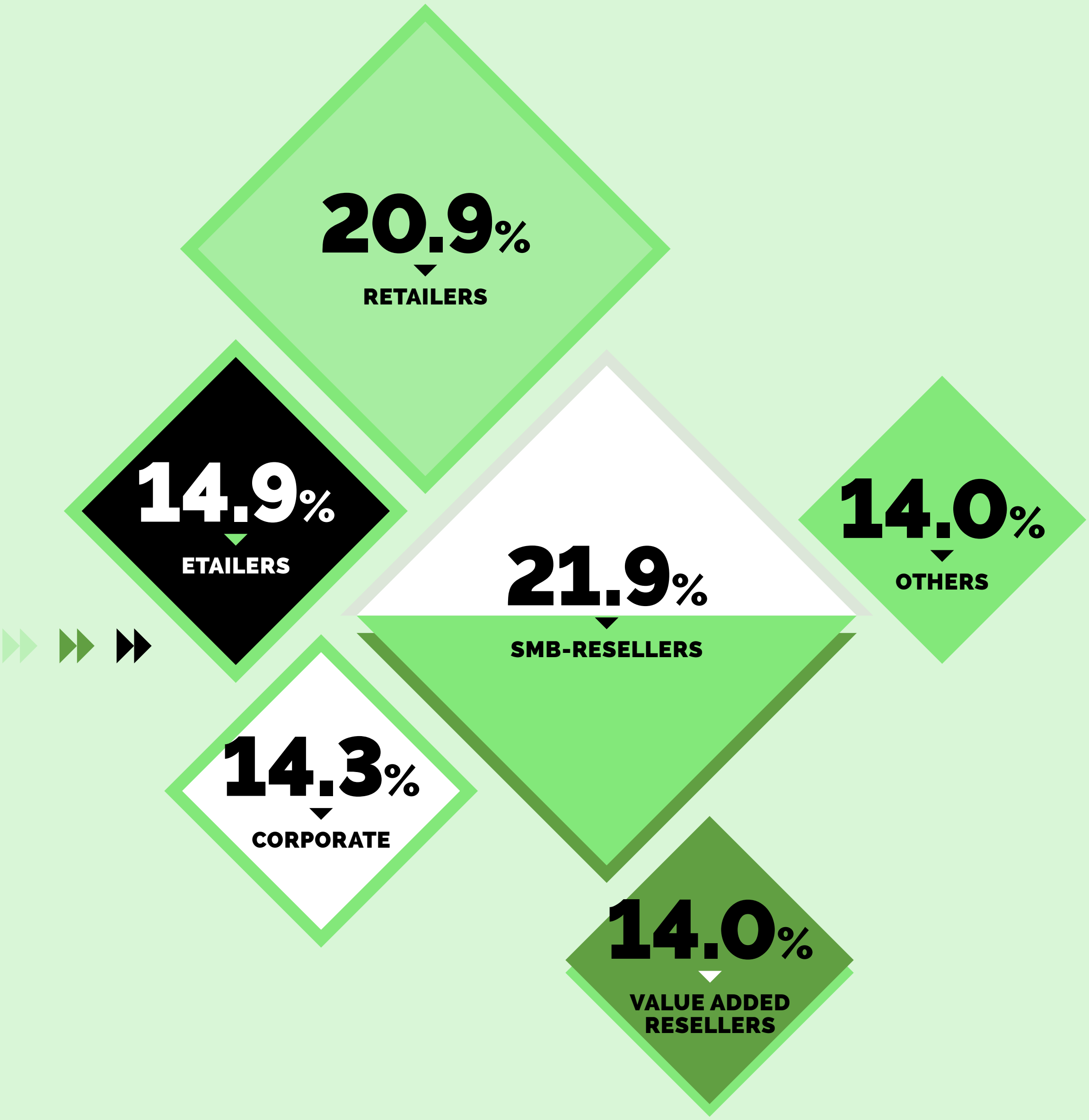
circa
7 984 100 000
EURO
TOTAL NET SALES

ALSO INSIGHTS PROVIDERS



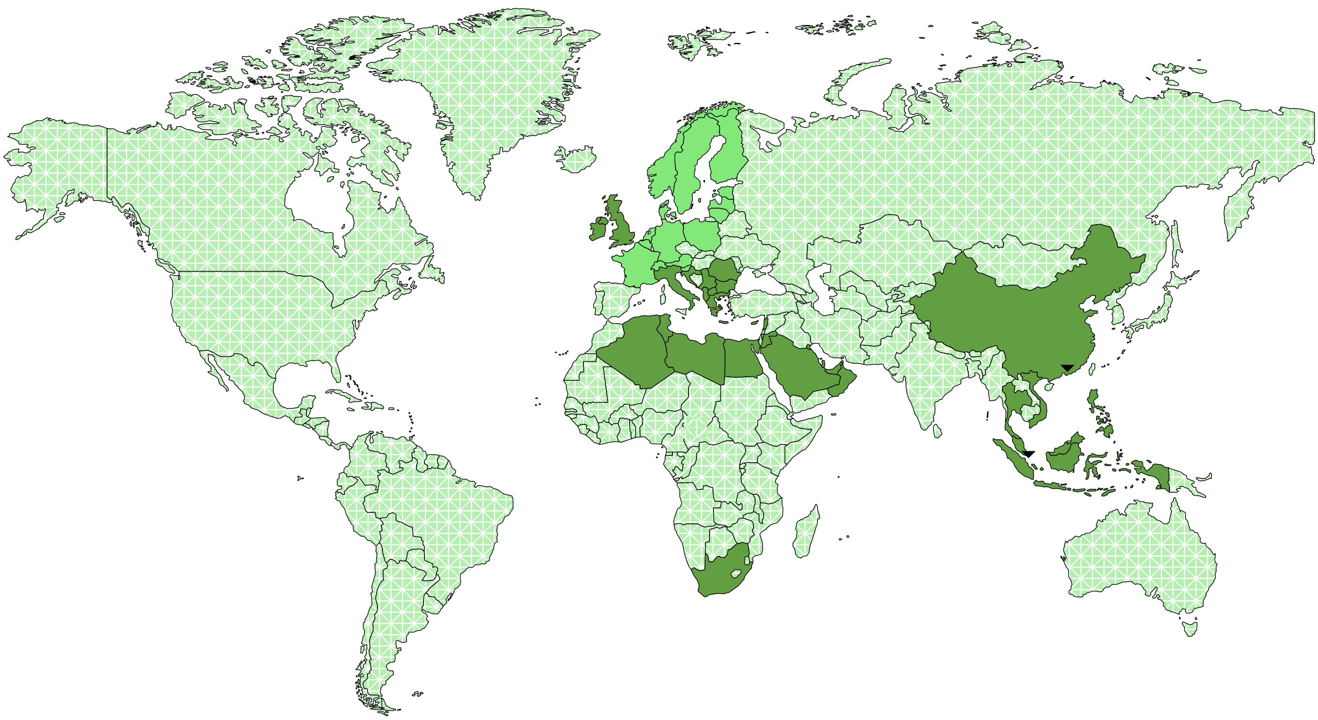
ALSO INSIGHTS BUYERS

MARKETPLACE



ALSO'S <<PLATFORM AS A SERVICE>> PARTNERS

On top of the 15 ALSO countries in Europe the ALSO Cloud Marketplace is available in an additional 35 countries via our "Platform as a Service" partners.



ALSO AND WESTCOAST

UNITED KINGDOM
IRELAND

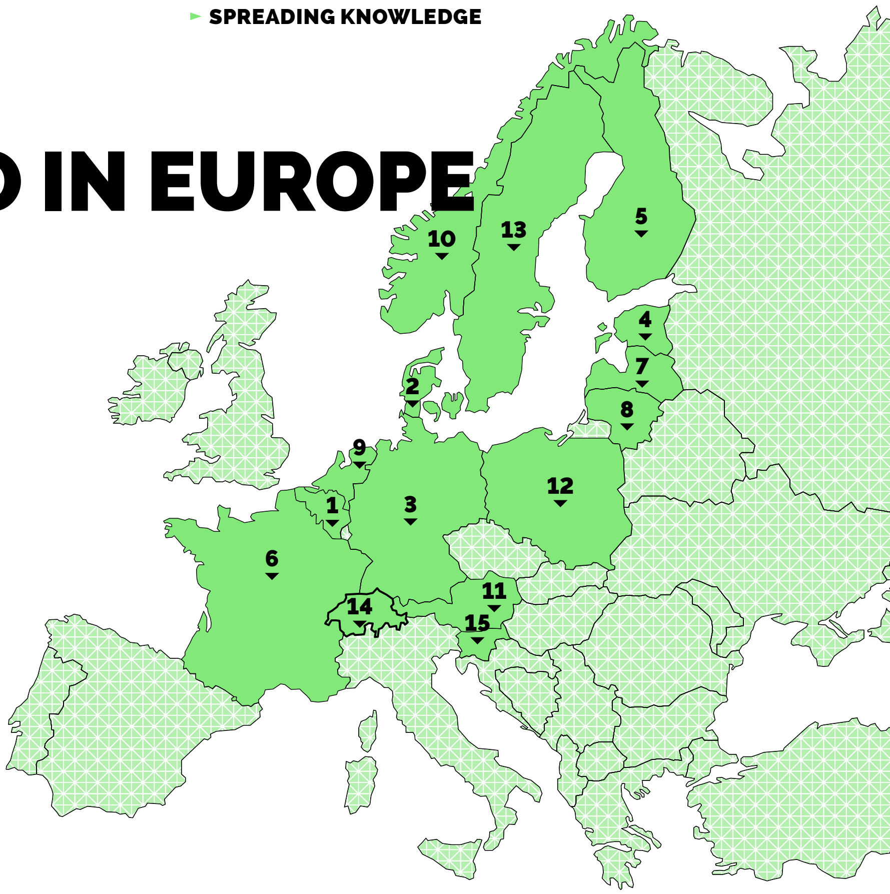
ALSO AND INNOVIX

MALAYSIA
SINGAPORE
HONG KONG
THAILAND
INDONESIA
PHILIPPINES
VIETNAM
CHINA

ALSO AND LOGICOM

GREECE
CYPRUS
MALTA
ITALY
ROMANIA
SAUDI ARABIA
UNITED ARAB EMIRATES
BAHRAIN
JORDAN
KUWAIT
LEBANON
OMAN
QATAR
SOUTH AFRICA
BULGARIA
SERBIA
MONTENEGRO
ALBANIA
KOSOVO
MACEDONIA
CROATIA
EGYPT
LIBYA
ALGERIA
TUNISIA

ALSO IN EUROPE



ALSO

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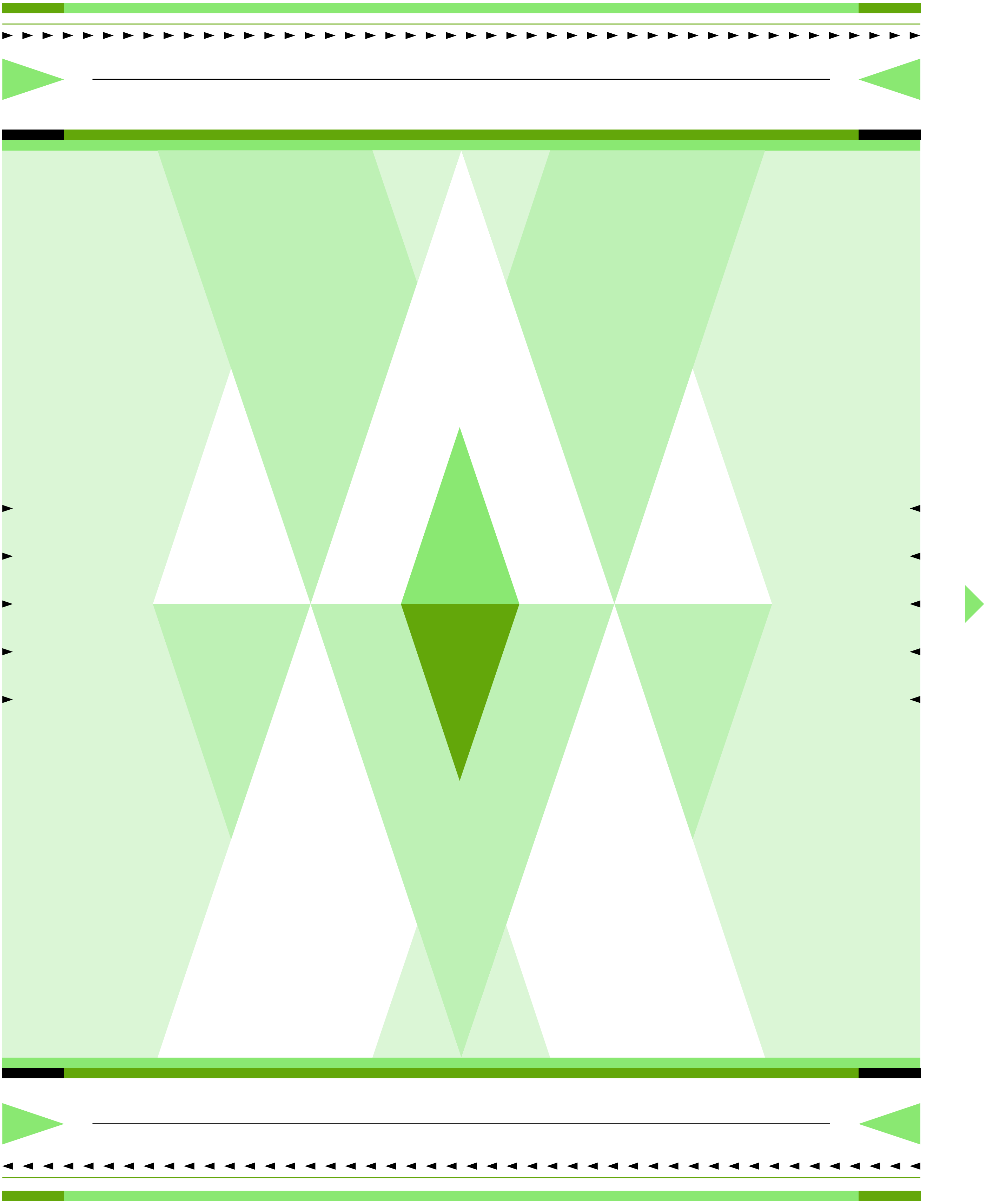
CONTENTS

1
STATUS REPORT



Dear shareholders

The ALSO Group developed extremely positively in fiscal year 2016. For the sixth time in a row, we succeeded in raising our net sales and earnings to record levels. Whereas the ICT market declined slightly compared to the previous year, we considerably improved our position. This excellent performance confirms our strategy and the determined implementation of it by the ALSO team. We therefore put forward a proposal to the Board of Directors for the appropriation of retained earnings with a dividend of 2.25 Swiss francs on each dividend-bearing share. In view of the good financial situation and future prospects of the Group as well as the expectations of our shareholders, the Board of Directors has approved this proposal and will submit it to the Annual General Meeting for approval.

ALSO ON THE MARKET

In 2016, the Group focused its activities on the implementation of the following strategic tasks:

Expansion of platforms:
- ERP harmonization: SAP launch in Poland and preparation for the launch in Switzerland, which took place on January 2, 2017
- Further optimization of the webshop to increase its customer experience and retention rates
- Opening of the new warehouse in Finland
- Conception of mobile data centers for the Group

Optimizing the portfolio in order to increase profitability:
- Taking on new providers for new business models, including networking, security and service providers like “software as a service” providers, Cancom and Ormuco for enterprise cloud services and launch of “workplace as a service” in Germany and France
- Taking on new vendors for the traditional business model such as mobility and A3 printers
- Introducing new product categories, such as electronic art in gaming
- Optimizing the customer structure e.g. by raising the share of SMB resellers in several countries
- Reducing operating expenses (opex) by optimizing processes in purchasing, logistics and sales and establishing competence centers for supplies in the Netherlands, back-end functions in Latvia and components in Germany

INTERNATIONALIZATION AND ACQUISITIONS

- Consolidation of activities in the Netherlands and Poland
- Establishing the ALSO locations in Slovenia and Belgium
- Expanding by rolling out the cloud platform in 35 countries in Asia, the Middle East and Europe through partnerships with existing distributors
- Acquiring a majority interest in Bachmann Mobile Kommunikation AG. As a result of the associated expansion of the range of repair and logistics services in the after-sales service area, ALSO now offers end-to-end services for the ICT industry.

With the wide range of measures it has initiated and implemented since 2012, ALSO has become one of the most extensive offer and solution aggregators in the ICT industry.

ALSO ON THE CAPITAL MARKET

The strong business performance met with a positive response on the capital market, and in August 2016 ALSO's market capitalization amounted to more than 1 billion Swiss francs for the first time in its history. ALSO outperformed the Swiss Market Index (SMI) by 34.4 percentage points in the fiscal year. Compared with the 20 companies in the SMI and the 30 companies in the German Stock Exchange (DAX), the increase of the ALSO share of 29.4 percent was only exceeded by one in the SMI and two in the DAX. In the reporting year, the consistently high ALSO share price resulted in several conversions of the exchangeable bonds issued by Schindler Holding AG for registered shares in ALSO Holding AG. In September 2016, Schindler Holding AG's equity interest in ALSO Holding AG therefore fell below the threshold of 10 percent. The shareholder agreement between Special Distribution Holding GmbH and Schindler Holding AG was consequently terminated.

As a result of the conversion of the exchangeable bonds, the ALSO share's free float increased from 20.73 percent in the previous year to 41.10 percent. The number of institutional investors and small investors almost doubled from 855 to 1 708 year-on-year.

SYSTEMATIC DEVELOPMENT OF COMMUNICATION WITH CUSTOMERS AND THE CAPITAL MARKET

Our buyers' feedback and requests also play an important role in the positive development of the Group. We continuously review their satisfaction online using the Net Promoter Score (NPS). Their feedback is directly incorporated in improving our services and further developing our portfolio. In 2017, we will also expand the NPS to our providers. We also use the Net Promoter Score as an input and feedback instrument for the ALSO Group's employees.

Since 2014, ALSO has been breaking new ground in its reporting. Together with the internationally renowned agency Strichpunkt, which works for a variety of well-known listed companies, the annual reports were optimized significantly in terms of their communication and design. The ALSO Annual Report 2015 won a Red Dot Award in the category of communication design. In the current annual report, we set a benchmark when it comes to using the possibilities offered by digital technologies in communication. We present selected key figures with augmented reality and use virtual reality and 360-degree videos to illustrate our complex business model for all of the company's stakeholders.

During the reporting year, we also expanded our capital market communication. Our investor relations work is supported by experts from the Brunswick Group. In addition, we stepped up our dialog with the financial community and held four roadshows throughout Europe. We thereby achieved a new level of quality in capital market communication.

In 2016, the first detailed study on ALSO was prepared by analysts from the bank Vontobel. The study helps increase the transparency of the ALSO Group's business model.

OUTLOOK

In the medium term, the ALSO Group is aiming for net sales of 9 to12 billion euro and an EBITDA margin of 2.0 to 2.5 percent. This is to be achieved by way of optimizations, organic growth, and/or acquisitions.

THANKS

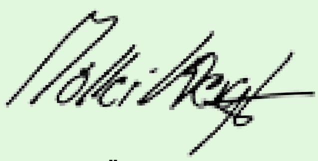
On behalf of the ALSO Group, I wish to thank all our stakeholders. Firstly, our buyers and providers, for their trust in us and the opportunity to be their partners. At the same time, we value the flexibility and helpfulness of our suppliers.

Without the dedication of our employees and their expertise when implementing our MORE strategy, the sustainable result improvements would not be possible.

All activities were effectively shaped and supported by the valuable contributions of my colleagues on the Board of Directors.

Interested investors and analysts have provided valuable comments, questions, discussions and suggestions, which we discussed with our management teams and transformed into specific measures in some cases.

And last but not least, I would like to thank you, our shareholders. Thank you to our new shareholders for the trust you have placed in us, and thank you to the long-standing shareholders amongst you for your continuing strong association with the ALSO Group.



GUSTAVO MÖLLER-HERGT

CEO AND CHAIRMAN OF THE BOARD OF DIRECTORS OF ALSO HOLDING AG

ALSO SHARE AND SHAREHOLDER STRUCTURE

KEY FIGURES OF THE ALSO SHARE

	2016
Number of registered shares with a nominal value of CHF 1.00 per share	12 848 962
Dividend per share (CHF)	2.25 [1)]
Equity per registered share (CHF)	47.24
Registered share price high (CHF)	92.50
Registered share price low (CHF)	61.65
Market capitalization as at December 31 (CHF million)	1 155

1) Proposal of the Board of Directors

SHARE PRICE DEVELOPMENT IN THE REPORTING YEAR

During the reporting year, the price of the ALSO share developed positively. It started at 69.50 Swiss francs as of January 1, 2016 and closed the fiscal year at 89.90 Swiss francs per share, corresponding to a rise of 29.4 percent as against the start of the year. Including the dividend, the total yield on a share that was bought on January 1, 2016, was 32.1 percent. The ALSO share thus outperformed the Vontobel Swiss Small Companies Index by 19.9 percentage points and the Swiss Performance Index (SPI) by 28.9 percentage points. This sustainable performance led to early conversion of the Schindler Group's exchangeable bonds into ALSO shares. As a result, the free float increased significantly. In addition, the weighting of the ALSO share in the SPI increased by 50 percent in September 2016.

The ALSO share also developed very positively in comparison with other important indices. For example, it outperformed the Swiss Market Index (SMI) by 34.4 percentage points and recorded an increase 17.7 percentage points higher than that of the German Stock Index (DAX). Compared with the shares of all companies in the SMI and the DAX, the 29.4 percent increase in ALSO's share price was exceeded by only three companies.

The ALSO share is thus much higher than many other forms of investment, such as fixed-income securities or demand deposits at banks. For natural persons subject to tax in Switzerland, its appeal is increased further by the tax exemption of distributions from capital reserves.

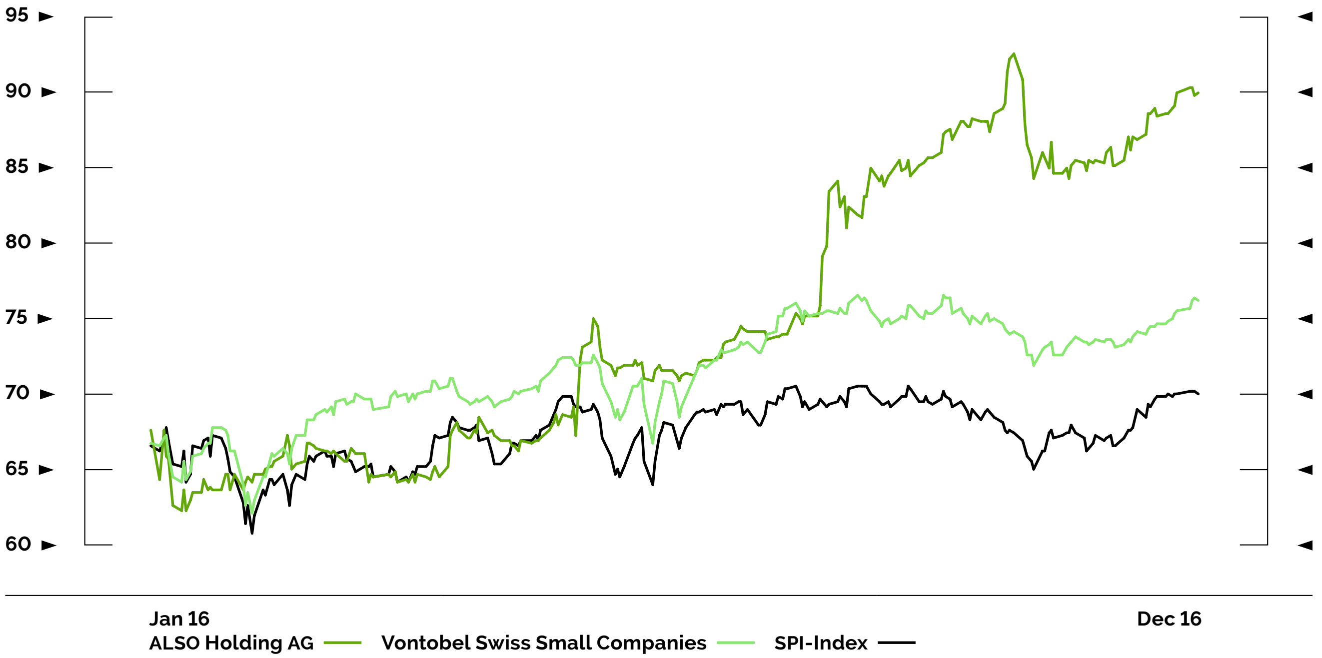
In August 2016, ALSO's market capitalization amounted to more than one billion Swiss francs for the first time in its history. As of December 31, 2016, the total market capitalization of ALSO was 1 155 million Swiss francs (previous year: 884 million Swiss francs). Given the disclosed Group equity of 607 million Swiss francs, the asset backing of the market capitalization as of December 31, 2016, amounted to around 52.5 percent.

SHARE PRICE DEVELOPMENT 2012–2016

The share price has steadily improved due to the systematic implementation of the MORE strategy launched in fiscal year 2012. The shares had been listed at just 39.65 Swiss francs on July 1, 2012, but closed on December 31, 2016 at 89.90 Swiss francs.

Therefore, the net capital gain resulting from the positive share price performance and the dividend amounts to 142 percent for the period from July 2012 to December 2016.

SHARE PRICE CHART (IN SWISS FRANCS)



DIVIDEND POLICY

The Board of Directors of ALSO Holding AG pursues a policy of continuous dividends and strives for a payout ratio of 25 to 35 percent. The annual dividend is defined in the light of the current income and financial situation as well as the corresponding outlook. For 2017, the Board of Directors proposes a distribution to the shareholders from the reserve from contribution in kind of 2.25 Swiss francs per share. This represents a total dividend payment of 28.8 million Swiss francs. The proposal will be submitted to the shareholders for approval at the Annual General Meeting of March 21, 2017.

In the previous year, 36 percent of the Group net profit was distributed.

DEVELOPMENT OF THE DIVIDEND

CHF	2016	2015	2014	2013	2012
Dividend per share	2.25[1]	1.90	1.60	1.40	1.20
Earnings per share	7.09	5.26	5.82	4.81	4.28

1) Proposal of the Board of Directors

SHAREHOLDERS

ALSO has a broadly diversified range of international, long-term shareholders with a clear majority ownership structure. The main shareholders are Special Distribution Holding GmbH (51.30 percent) and Schindler Pars International Ltd. (7.60 percent).

Special Distribution Holding GmbH, with registered office in Dusseldorf, Germany, is a company of the Droege Group. The Droege Group is an independent consultancy and investment company. With its range of services, the group has been operating for over 25 years as a specialist in tailored transformation programs with the aim of increasing enterprise value. The Droege Group combines a family business structure with a strong capital base to create a family equity business model. The group makes direct equity investments in subsidiaries and SMEs in “special situations” or acts as a “temporary partner” in comprehensive value enhancement projects on the basis of performance-related fees. As an industrial holding company, a diversified portfolio is formed.

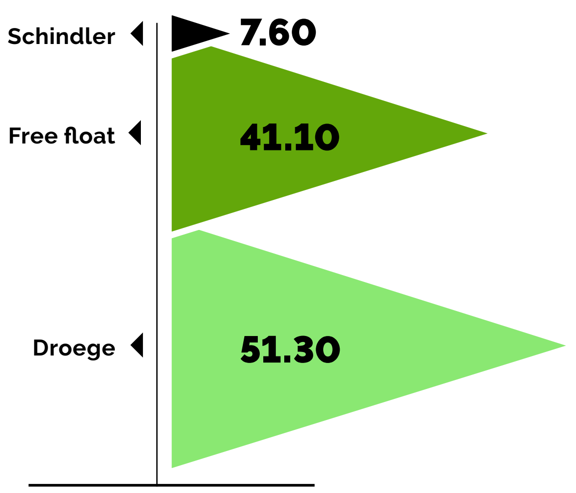
Schindler Pars International Ltd., with its registered office in Hergiswil, Switzerland, belongs to the Schindler Group. Founded in Switzerland in 1874, the Group is a leading supplier of elevators, escalators, and related services.

On May 29, 2013, Schindler Holding AG issued exchangeable bonds for registered shares in ALSO Holding AG with a term until June 5, 2017. Due to the sustainable improvement in the ALSO Group’s earnings, which resulted in a consistently high ALSO share price, there were several conversions in the reporting year. In September 2016, Schindler Holding AG’s equity interest in ALSO Holding AG therefore fell below the threshold of 10 percent. The shareholder agreement between Special Distribution Holding GmbH and Schindler Holding AG was consequently terminated.

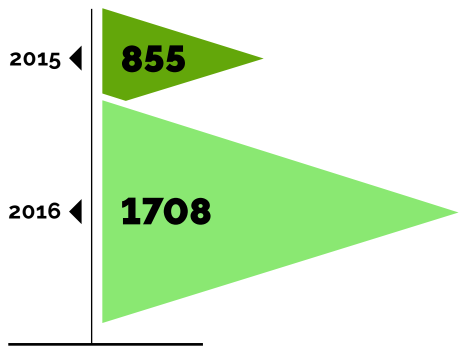
As a result of the conversion of the exchangeable bonds, the ALSO share’s free float increased from 20.73 percent in the previous year to 41.10 percent.

The number of institutional investors and small investors practically doubled year-on-year from 855 to 1 708.

SHAREHOLDER STRUCTURE (IN PERCENT)



NUMBER OF INSTITUTIONAL AND SMALL INVESTORS



INVESTOR RELATIONS

In 2013, ALSO substantially changed its capital market communication. It particularly worked on five factors:

- Website
- Annual report
- Investor relations and corporate communications
- Analysts
- Road shows for investors

Website: Since December 2013, all of the ALSO Group's websites have been harmonized in order to achieve uniform presentation of the business model and a shared corporate identity and corporate design.

Annual report: With the support of Strichpunkt, a renowned design agency that has won multiple awards for its work in the field of annual reports, we completed the first milestone of a new type of reporting with the Annual Report 2014. As well as reporting on the fiscal year, the annual reports are also intended to provide insight into the ALSO Group's goals, strategy, and fields of activity. This work is being continued on an ongoing basis. With the ALSO Annual Report 2015, we won one of the renowned Red Dots for communication design.

Investor relations and corporate communications: ALSO commissioned the specialist service provider Brunswick Group to support its corporate communications and investor relations activities. Since then, a road map for communications within the Group has been developed with the aim of harmonizing and managing local notifications. This is not only about showing a uniform image of the Group, but also integrating local news in the Group's overall strategy. Shareholders can use various different channels to obtain information about ALSO and the ALSO share. In addition to online information, the Investor Relations team is also available by telephone or at the central e-mail address ► **investor-relations@also.com**.

Analysts: The ALSO share is monitored and regularly assessed by various different banks and analysts. In 2016, the bank Vontobel AG prepared a study on ALSO for the first time. The management of the ALSO Group is available to answer questions from interested analysts and provides information on the Group's development in line with the legal circumstances.

Road shows for investors: We held four road shows over the course of the year, starting with Zurich and London on June 22 and 23, followed by Frankfurt on September 27, and finally London on November 1. Institutional investors and analysts had the chance to obtain in-depth information on the ALSO Group's strategy and business development. In addition, conference calls were held when the quarterly results were published.

In the context of focusing our communication, the interim report for the half year and the annual report will be published as before. The interim reports for the first and third quarters will be discontinued as of 2017. Taking account of the legal conditions, we will of course be available to analysts and journalists to answer questions relating to the quarterly development.

THE ALSO GROUP

ALSO IN BRIEF

ALSO was founded in 1984 and is now one of Europe's leading service providers for the ICT industry. We bring providers and buyers in the ICT industry together and offer them services at all levels of the value chain from a single source. Our goal is to increase our customers' competitiveness and develop their business sustainably and profitably.

The basis of ALSO's business models are the two customer categories "providers" and "buyers". The ALSO Group has a portfolio of more than 500 vendors in the ICT product categories of hardware, software, and IT services, including all global market leaders.

We offer the vendors access to a broad spectrum of over 100 000 buyers, who can call up further customized services in the logistics, finance, IT, and digital services sectors, as well as traditional distribution services. ALSO offers services along the entire value chain from a single source.

ALSO is represented in 15 European countries and generates total net sales of approximately 8 billion euro with around 3 700 employees. On the ALSO Cloud Marketplace (ACM) platform, 650 services are offered, 5 000 channel partners are connected, and 35 000 end customers with 350 000 users are reached. By expanding the offer of the ACM as "platform as a service" for our distribution partners in various regions, we will be able to reach another 35 countries in Europe, the Middle East, Africa, and Asia (including China).

On the basis of Europe's biggest marketplace for the ICT industry, we enable our customers to sustainably shape and develop their businesses. Our webshop has around 300 000 visitors per month and generates net sales of 1.2 billion euro.

ALSO Holding AG has its headquarters in Emmen, Switzerland, and has been listed on the Swiss Stock Exchange since 1986. Droege International Group AG (Germany) holds a majority interest.

OUR BUSINESS MODEL

Marketing in the ICT industry is largely a three-step process. In a first step, the providers supply the ALSO companies. In a second step, these supply a very heterogeneous buyer structure, which serves the end-customers.

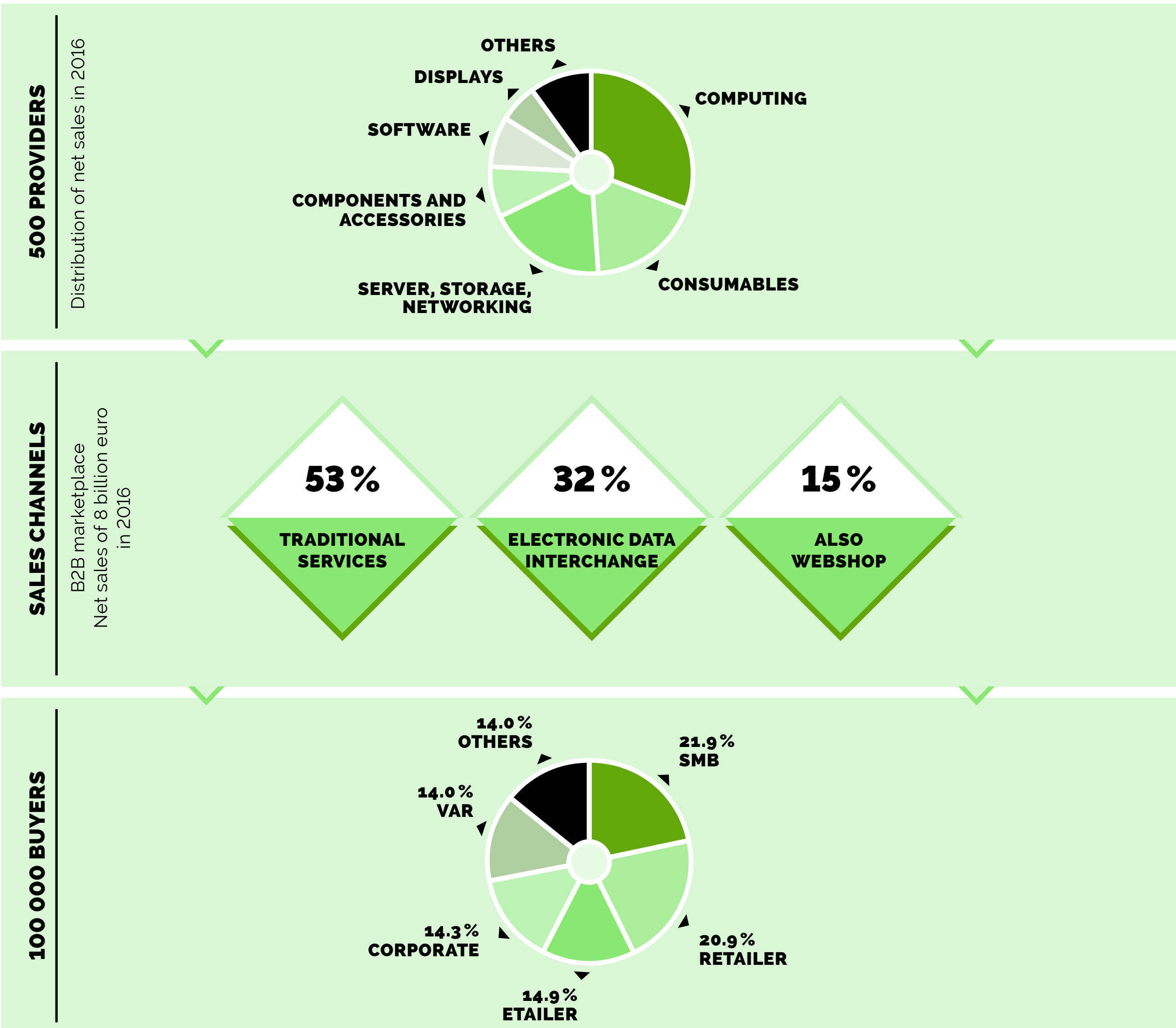
Because of non-existent scaling effects, small and medium-sized buyers are not always served directly by the providers. Here, ALSO takes over, for example, the payment transactions, fine logistics, or credit controlling. Larger buyers, who for economic reasons also outsource functions and processes, have the possibility of downloading these from ALSO as modules.

For the provider, taking over these tasks results in a reduction of complexity, and thereby in easier access to the various channels and regions. Smaller providers, who have no country organization of their own, use ALSO to obtain access to the market.

The dynamics of the ICT industry require constant optimization of functions and processes as well as investments in new platforms. Based on this responsibility, ALSO has created a B2B marketplace for the ICT industry throughout Europe.

In addition, the Net Promoter Score (NPS) of ALSO customers is measured regularly in order to identify areas where action is needed to improve customer satisfaction and loyalty on this basis. In 2016, a total of 2 137 customers from all business areas and all countries with ALSO locations were included in the survey. The NPS for customers has been measured online continuously since mid-2016. If a customer reports a problem, he or she is immediately contacted by a team. The Chief Customer Officer of the relevant country manages this process. The Net Promoter Score is 46.3 percent. Starting from 2017, the NPS will also be introduced for providers.

ALSO B2B MARKETPLACE ALLOWS FOR END-TO-END SERVICE OFFER AND CREATES NEW MARKET POTENTIAL FOR THE 3S



- Product portfolio with 188 000 items
- More than 18.5 million product transactions per year
- Net sales of 1.2 billion euro in the ALSO webshop in 2016
- 300 000 visitors per months in the ALSO webshop
- More than 100 000 buyers
- Buyers including Amazon, Inmics, Cancom, and Quickline.co.uk

OUR CUSTOMERS

We enable our customers – providers and buyers of hardware, software, and IT services – to fully exploit their existing potential and implement new business ideas.

PROVIDERS

ALSO markets the products and services of hardware, software, and IT service providers. Through targeted expansion of cloud services, the number of providers has been increased to more than 500, including well-known IT providers. Focused support is ensured with specialized teams who have extensive expertise. They act quickly, flexibly, and reliably. The structures and processes are individually adapted to the respective business model of the providers.

ALSO offers highly differentiated value propositions adapted to the customer channel of the respective provider. These range from increasing the customer breadth, credit management, and logistics for SMB resellers, to specified sales and deliveries to retailers and etailers. For smaller providers that do not have their own infrastructure for selling their products, ALSO offers access to the various markets through logistics, warehousing, and distribution.

BUYERS

ALSO has more than 100 000 buyers: corporate reseller, value added reseller, SMB reseller, retailer, and etailer channels. We offer targeted services for all individual requirements such as, for example, project configurations, pre-sales support, and public-authority projects for which tenders are invited.

Retailers and etailers appreciate ALSO's speed and flexibility – from electronic data interchange to logistical services and warehousing or shipments under third-party names. However, ALSO's comprehensive offerings also enable SMB resellers, through fast electronic data interchange, to use the webshop, complete financial service transactions, or obtain logistical services, without complication and efficiently.

Through ALSO's B2B Marketplace, the buyers can download perfectly tailored services with which to develop their business. The goal is to constantly optimize, to make new offerings and functionalities available, and to increase the customers' competitiveness.

OUR SUPPLIERS

Our main suppliers are the leading transport companies, major credit insurers, and banks. The collaboration is not restricted to the purchase of services, but also includes the joint development of services, which are offered through our B2B Marketplace.

OUR GROUP STRUCTURE AND ORGANIZATION

The Board of Directors of ALSO Holding AG is responsible for the highest level of management. It defines the strategic, organizational, and financial goals of the Group. There are also three committees (Compensation and Nomination Committee, Board Committee, and Audit Committee). The Board of Directors has delegated the management of the day-to-day business of the company to the CEO of the Group. The four-person Group Management consists of the CEO, CFO and the Corporate Vice Presidents for Central Europe and Northern/Eastern Europe. Since the end of 2016, the regional Corporate Vice Presidents have been responsible for active development of our customers in the category of systems companies, value added resellers, retailers, and etailers. The Board Committee advises and supervises Group Management. For each country in which ALSO operates, one Managing Director bears the overall operational responsibility. There are also Senior Vice Presidents who are responsible for the group-wide functional areas of Supply, Solutions, Logistics, Financial, IT and Digital Services and for Small & Medium Business. In mid 2016, the positions of an E-Commerce Manager and a Chief Transformation Officer were separated from IT and now represent independent areas of responsibility. This takes account of both the expansion of sales channels, which have seen strong development in recent years, and the development of new business models such as the consumptional business model as a result of the increasing shift from purchasing to "as a service" in the IT sector.

ALSO is represented in 15 countries, which are grouped into two market segments: the Central Europe market segment (Austria, France, Germany, and Switzerland) and the Northern/Eastern Europe market segment (Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland, Slovenia, and Sweden). Together, the 15 country companies, and all other companies that are controlled directly or indirectly by ALSO Holding AG, form the ALSO Group.

THE ICT MARKETMODEL

Source: Context

CORPORATE MANAGEMENT

ALSO uses quantitative and qualitative key figures for the short-, medium- and long-term management of the company. The management focus is on changes in these KPIs. With regard to qualitative key figures, the focus is on the Net Promoter Score (NPS) as a means of measuring customer loyalty and employee satisfaction. ALSO aims to maintain a balanced relationship between growth, profitability and the capital structure. Earnings, growth and capital ratios are therefore used as quantitative key figures.

QUALITATIVE KEY FIGURES

Customer loyalty: Scientific studies show that there is a strong correlation between corporate success and the NPS. The NPS is an internationally recognized and commonly used performance indicator that measures customer loyalty. ALSO uses this key figure because the financial targets set can only be achieved with a loyal and satisfied customer base. In April, a continuous online customer survey was launched in four of the countries where ALSO operates. The results are continuously evaluated in the countries concerned and are directly connected to an alert system for the relevant Managing Directors in the event of critical developments.

Based on these positive experiences, the online tool will be rolled out to all countries where ALSO operates as well as to providers in 2017.

Employee satisfaction: The ALSO Group's growth strategy can only succeed with dedicated employees. For this reason, the Group started systematically measuring employee satisfaction last year. In addition to the employees' personal work environment and team collaboration, aspects such as their assessment of the company's sustainability and development opportunities within the company are examined. In the reporting year, the number of employees surveyed was increased significantly, allowing for a data basis that is relevant throughout the company.

The results provide important insights with regard to the company's positioning as an attractive employer and the development of targeted HR work. Visible weaknesses in relation to targeted personnel development and communications within the company are countered with specific measures in the countries under the leadership and responsibility of the relevant Managing Directors.

QUANTITATIVE PERFORMANCE INDICATORS

Profitability: The EBT development compared to the previous year is analyzed. At the same time, comparisons of the individual ALSO companies are performed. In 2016 we generated EBT of 114 million euro, representing an improvement of 25.4 percent in comparison to the previous year (91 million euro). The EBT margin came to 1.4 percent.

Sustainable growth: ALSO aims to generate sustainable growth. This is monitored and managed on the basis of the sustainable growth rate (SGR). The SGR is the maximum growth rate a company can achieve while maintaining a stable capital structure based on internal financial resources, without borrowing new debt or issuing new shares. It is calculated by multiplying the profit margin[1], the retention rate[2], the capital turnover ratio[3], and the equity ratio[4]. When developing new business areas or acquisitions, the impact on this Group key figure must be considered. The effects of changes in the composition of the business models, the customer and product mix, and the manufacturer development are also evaluated. In addition, the sales performance of the individual product categories and manufacturers compared to the market is also assessed. In 2016, ALSO generated net sales of 8.0 billion euro, corresponding to year-on-year growth of 2.5 percent. As a result of the acquisition of PCF in 2015, net supply sales posted an above-average increase in 2016 and their share rose from 77 percent to 78 percent. Although net solutions sales remained almost stable, their share consequently fell from 20 percent to 19 percent. The services share remains at 3 percent. Within the services area, the importance of cloud services has increased significantly, with net sales increasing fivefold.

Capital structure: The Group aims to ensure that it does not generate profit or growth at the expense of changes in the capital structure. One service that ALSO offers its customers is the provision of capital. For this reason, the Group's capital requirements are managed with strict monitoring of the different country organizations' liquidity cycles. The country Managing Directors, as well as some Business Unit Managers since last year, have specific targets in this regard that are also taken into account as part of the basis for calculating their bonuses.

Cash flow is significantly influenced by changes in net working capital. For this reason, the ALSO management regularly monitors these key figures. Cash flow (before changes in net working capital) increased by 4.2 percent to 100.1 million euro in 2016 (2015: 96.1 million euro).

1) Profit margin: Net profit/net sales
2) 1 minus payout ratio
3) Net sales/total assets
4) Total assets/equity

OUR STRATEGY

MORE

The primary goal of the company is to attain sustainable profitable growth. This means that ALSO attains growth that takes into account the capital structure and profitability of the company. These cornerstones define the area of tension of our activities and every decision is aligned thereto.

Within this area of tension we have defined and prioritized four activities:

M for **MAINTAIN** stands for securing the transactional business model, based on which the Services and Solutions business will be further expanded to attain the targeted growth and income goals.

O for **OPTIMIZE** stands for continuous optimization of the processes in the regions. Major leverage is derived from the Profit Improvement Program (PIP) and the Process Optimization Program (POP).

R stands for **REINVENT**. ALSO will continue to achieve growth with the transactional business model at the same time as generating additional growth with the Solutions and Services business models.

Finally, **E** stands of **ENHANCE**. This mainly means expanding our market position by acquisitions in line with the Reinvent goal.

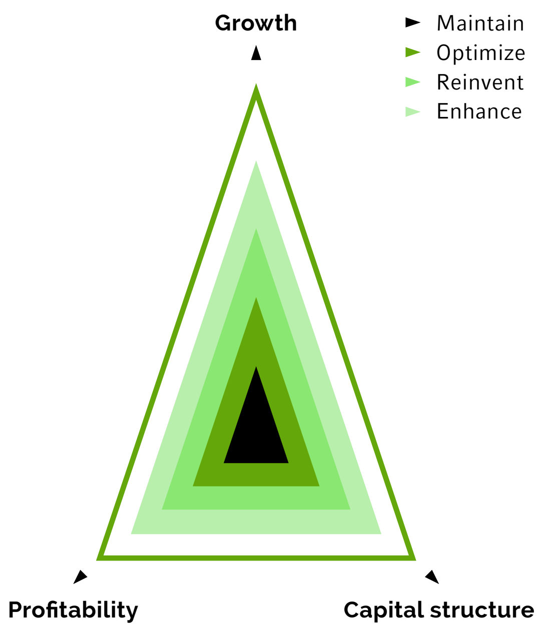
ALSO aligns its activities to markets with long-term profitability and/or growth potential. The goal of the portfolio policy is to attain or hold the first or second market position in all countries. The Group is represented in 15 countries. In countries where ALSO has a dominant market position, the focus is on companies and investments for the rapid expansion of new business models. In other countries, ALSO pursues a dual strategy of achieving a dominant market position by means of further acquisitions within existing business models while also establishing new business models rapidly by acquiring existing providers.

Provided there is sufficient legal stability, new countries and regions are tapped in line with the following priorities:

- Cooperations with existing companies to tap new business models.
- Moving into new markets with new business models (greenfield).
- Acquisition of established market providers.

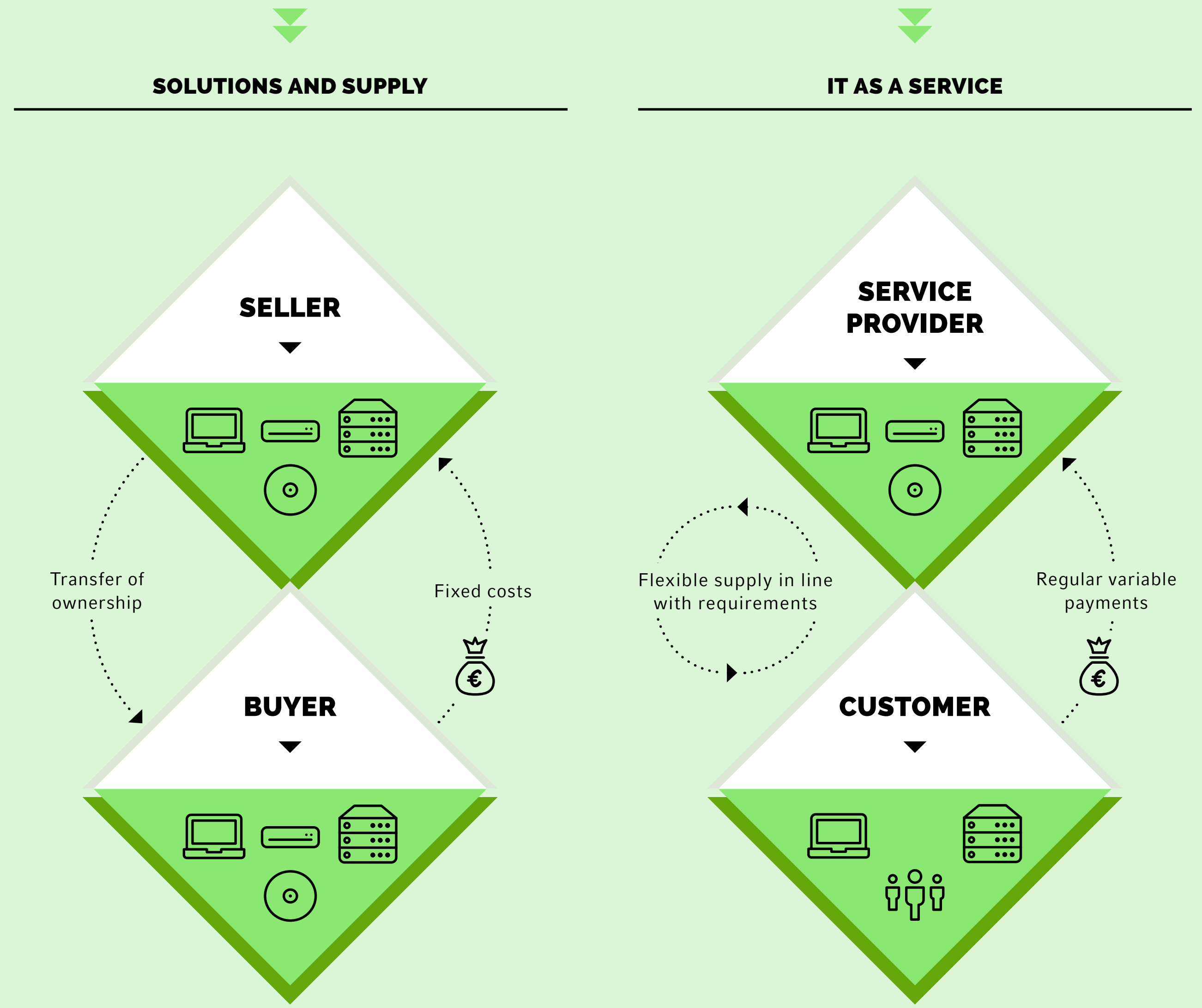
In a challenging market environment, the goal is to grow sustainably and profitably and thereby to continuously increase ALSO's value.

THE MORE STRATEGY PROGRAM



The Group strategy is focused on the targeted further development of the alignment of the ALSO Group as it has been to date. Against the backdrop of the broad customer base, the Solutions and Services business models will be further expanded in order to generate additional growth with higher margins and compensate for potentially falling margins in traditional business. At the same time, they are an important strategic differentiating criterion in competition.

HIGHER FLEXIBILITY AND LOWER FIXED COST FOR CUSTOMERS



- Inflexible
- High fixed costs
- Balance-sheet depreciation
- Hardware and software obsolescence

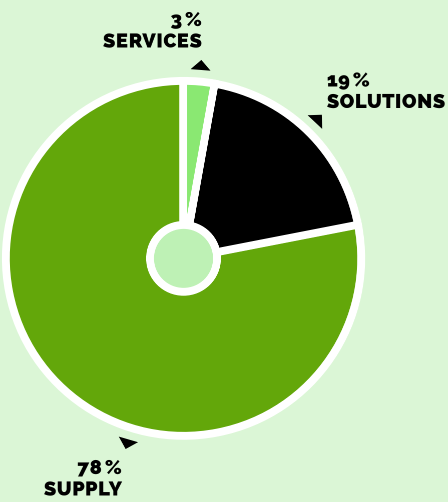
- Agile and flexible
- High availability and scalability
- Operating expenses
- Up-to-date hardware and software
- Support from experts and security

THE 3S BUSINESS MODELS: SUPPLY, SOLUTIONS, AND SERVICES

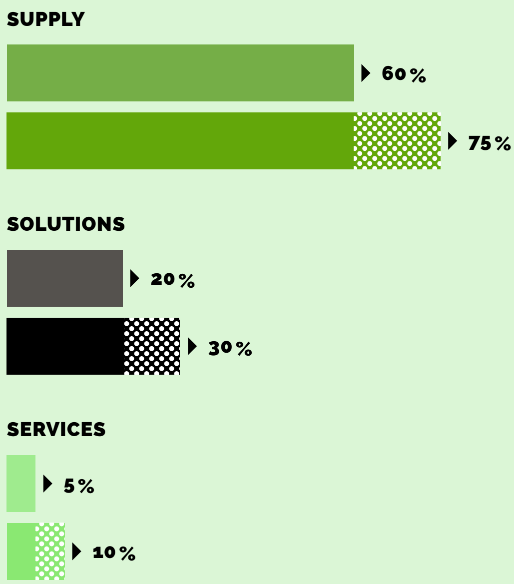
The stable and broad customer base of the ALSO Group is a central success factor, which creates additional possibilities for business development. These are based on various business models. They differ in dynamics, entry and exit barriers, margins, OPEX, working capital involved, and not least, the qualifications of the employees. ALSO executed a decoupling of the existing models in order to advance their development more intensively.

USE OF OFFERS ALONG THE 3S BUSINESS MODELS (IN PERCENT) 1)

DISTRIBUTION OF NET SALES



MEDIUM-TERM TARGET FOR DISTRIBUTION OF NET SALES



1) Note: Supply posted above-average increases in net sales in 2016. Net sales of solutions remained stable compared to previous year. As a result, services account for a constant share of 3 percent of total revenues despite rising net sales.

NET SALES DEFINITION FOR 3S

NET SALES DEFINITION FOR SUPPLY

Net Sales in the traditional transactional business model (supply) include business with optimized trading processes and logistics for the IT, consumer electronics and telecommunication sectors. The business model is characterized by a high number and frequency of transactions, high net sales, high scalability, high demand of working capital, low retention rates and low margins. In brief: it is a model based on the economy of scale.

The ALSO value proposition for the providers consists of creating a broad range of customers, providing detailed logistics, and managing complexity. For the buyers, it consists of providing a product portfolio, managing detailed logistics, and providing the credit line.

The focus in supply business is the ability to map orders of any size for the reseller rapidly and as simply as possible. ALSO can deliver to its customers – or the customers of these customers – within the same day. Smaller resellers can order products from a portfolio at attractive prices and in any desired quantity. Buyers have 24/7 access to the information in ALSO's webshops about our extensive product offerings and ordering methods. Net sales are recognized at the date when a product is sold.

NET SALES DEFINITION FOR SOLUTIONS

In the solutions sector, net sales include trading business with products that form part of comprehensive solutions. The business model is characterized by consulting services through all project phases. In projects, ALSO provides support on questions of architecture and design, rapidly translates requirements into concrete configurations, and monitors the status of projects.

For the providers, the value proposition includes the broad range of customers and the provision of first-/second-level support. For the buyers, the focus is on configuration, engineering, proof of concept, and provision of the credit line.

Net sales are recognized at the date when a product is sold. Specific types of solutions business include performance tests, optimization of the IT environment, and after-sales support. ALSO offers resellers the opportunity to present products and solutions to their consumers live in the demo center.

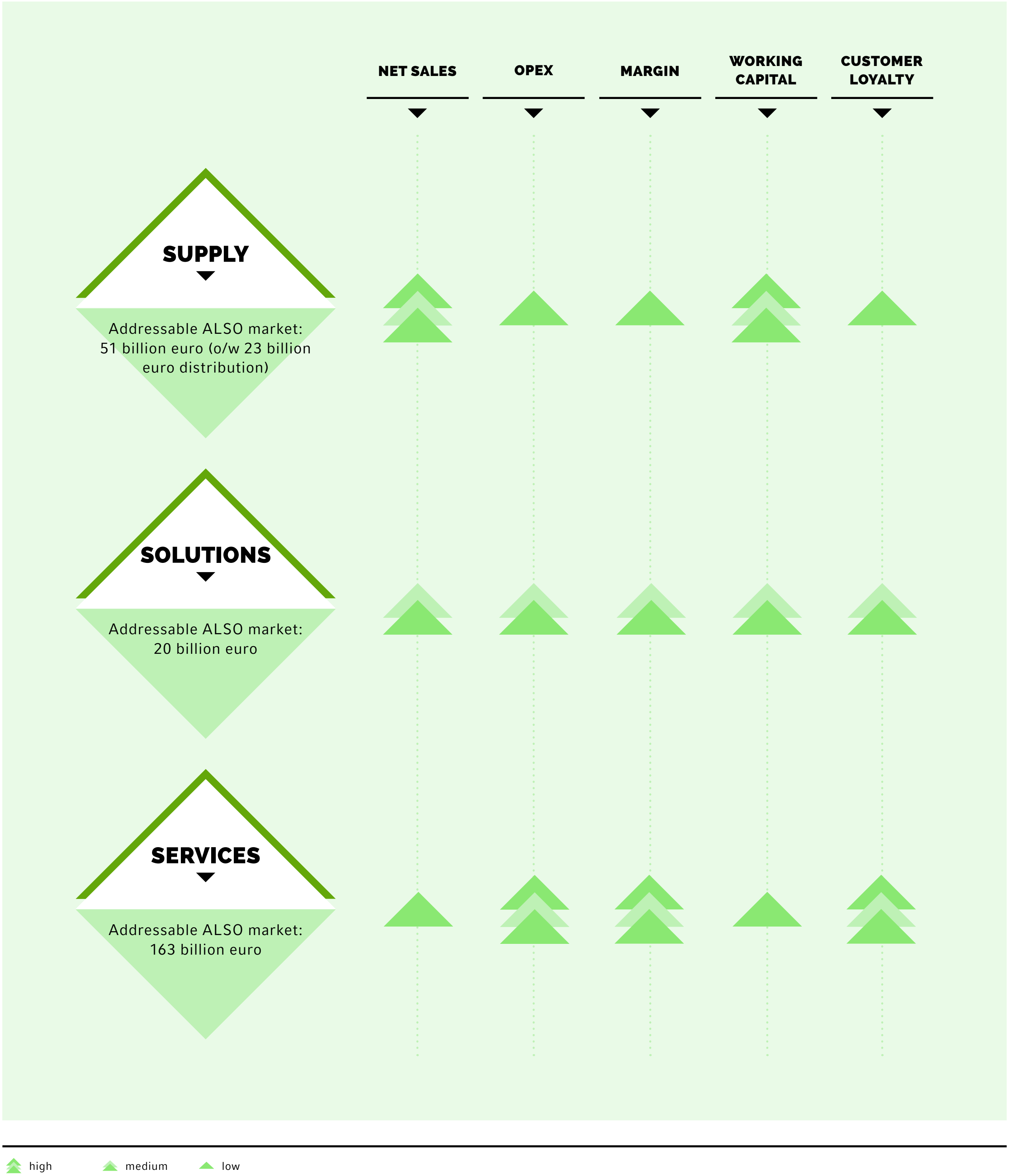
NET SALES DEFINITION FOR SERVICES

Reported net sales at ALSO include diverse business models that encompass outsourcing, engineering and consumptional models:

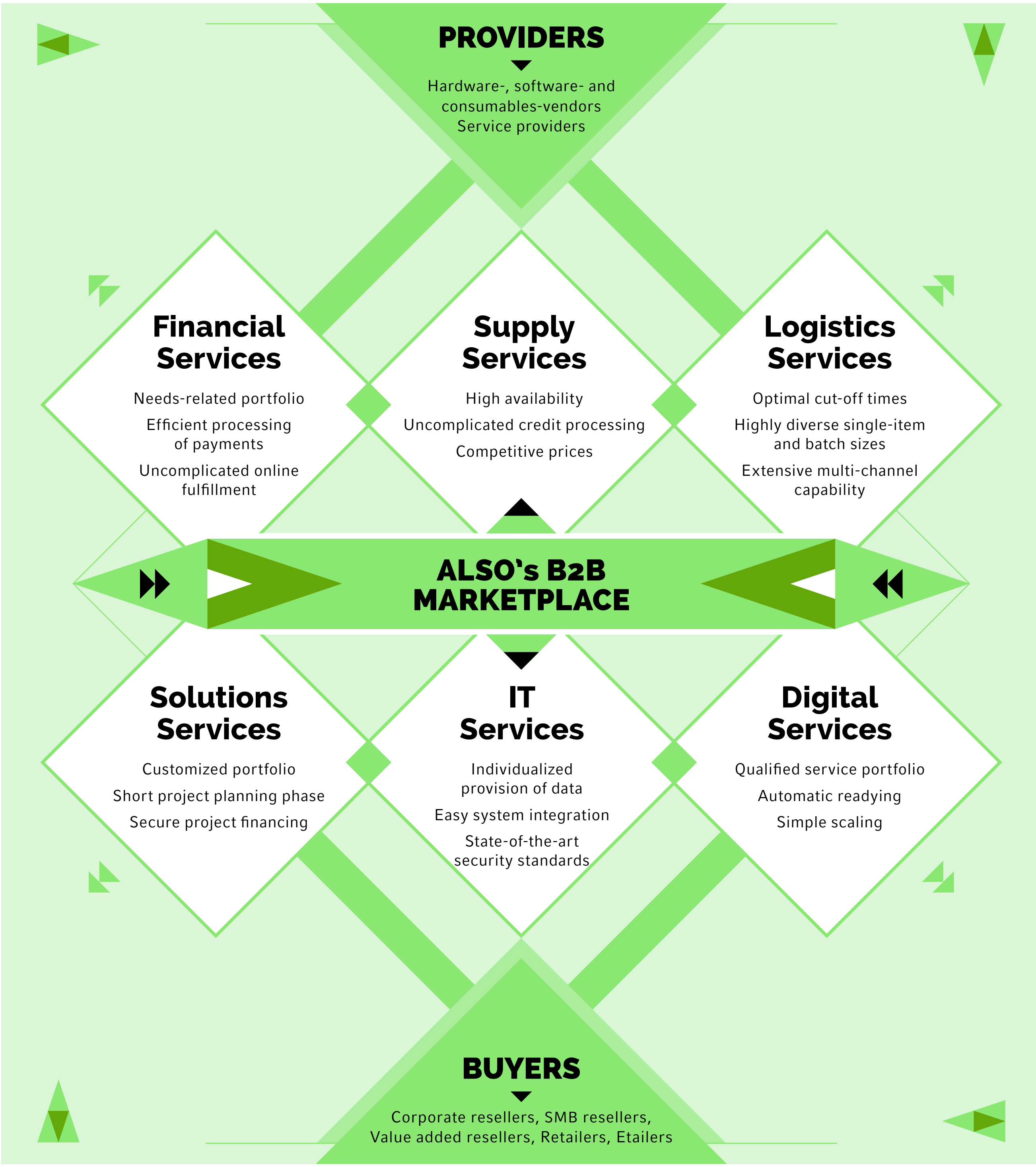
- *Marketing services:* traditional and digital marketing for providers, in order to widen their customer base
- *Logistics services:* supply chain solutions along the complete value chain for providers and buyers
- *IT services:* platform as a service, infrastructure as a service, software as a service and workplace as a service. This may include reconditioning used hardware and subsequently marketing it.

Net sales are recognized either when the service is performed (brokerage commission) or when the processed product is sold (reconditioning of used hardware) or they are distributed over a period of use (managed print services). Specific types of service business include IT services (ICT services in the areas of recruitment, 2nd-level support and telesales), logistics services and training.

POTENTIALS OF THE 3S



ALSO's B2B MARKETPLACE



PLATFORMS FOR THE 3S: B2B MARKETPLACE

FINANCIAL SERVICES

A key function of our Financial platform is to support working-capital financing. We offer credit lines and payment targets to meet specific needs. In addition, for SMB resellers we develop individual financing solutions for larger projects. The ALSO webshop brokers offerings for leasing, merchandise credit insurance, and creditworthiness information, which can be called up simply and digitally. All payment transactions with buyers and providers for products and services are executed efficiently.

► **Needs-related portfolio, efficient processing of payments, uncomplicated online fulfillment**

SUPPLY SERVICES

ALSO can deliver to its customers – or the customers of these customers – within the same day. Smaller resellers can order products from us out of a broad portfolio, at attractive prices, and in any desired quantity. ALSO's sales and product marketing employees can offer professional support on questions of configuration and project management. Buyers have 24/7 access to the information in our webshops about our extensive product offerings and ordering methods.

► **High availability, uncomplicated credit processing, competitive prices**

LOGISTICS SERVICES

In our pan-European logistics network covering almost 300 000 square meters, we process up to 14 million packages and sets a year of various sizes, from small USB sticks to large-format printers. We offer B2B and B2C partners access to order tracking. Even complete fulfillment is included in the service offering. A pan-European track-and-trace system enables constant order tracking irrespective of the shipper being used.

► **Optimal cut-off times, highly diverse single-item and batch sizes, extensive multi-channel capability**

SOLUTIONS SERVICES

ALSO maintains daily contact with its buyers and therefore knows their requirements in relation to software, servers, storage, networks, security, and other topics. ALSO offers a solutions portfolio that is exactly aligned to customers' requirements. In projects, ALSO provides support on questions of architecture and design, rapidly translates requirements into concrete configurations, and monitors the status of projects. When managing projects, ALSO draws attention to price and product changes and offers support with proof of concept.

► **Customized portfolio, short project planning phase, secure project financing**

IT SERVICES

ALSO operates its own cloud with a redundant data center where the most recent security standards are applied. In addition to the latest SAP system with HANA technology, ALSO also uses a modern business intelligence system with predictive analytics to promptly detect developments in the market. Our partners process 2.5 billion euro via Electronic Data Interchange (EDI) and 1.2 billion euro through our webshops. To support our customers even better, we use analytical tools for continuous optimization. Buyers can call up their structure data, for example their order data, online at any time.

► **Individualized provision of data, easy system integration, state-of-the-art security standards**

DIGITAL SERVICES

Through the Cloud platform, ALSO connects service providers with resellers and enables them to assemble appropriate cloud solutions for their customers easily and quickly. In its choice of offerings, in addition to well-known cloud services – such as virtual servers and mailboxes – ALSO includes independent software and service providers, too. Predefined criteria regulate the inclusion of services in the local cloud service catalog. With only one or two clicks, resellers create their own marketplace and determine the services for their customers, set their selling prices, and submit an offer. The services are automatically made available to the customers. The easy-to-use and intuitive standardized interface, as well as support in the respective national language, enable rapid entry into the cloud business.

► **Qualified service portfolio, automatic readying, simple scaling**

FACTORS FOR OPTIMIZING INCOME

Within the 3S business model, there are five factors that are managed actively by ALSO to optimize income:

► *Business model mix*
Systematically expanding and developing business models (Solutions and Services).

► *Vendor mix*
Securing an attractive supplier portfolio by means of short reaction times to changes in general conditions on the ALSO marketplace.

► *Reseller mix*
Focusing on fast-growing buyer groups with perfectly tailored services and connection to the CRM.

► *Product mix*
Rapidly providing innovative products and services with high growth potential.

► *Operational excellence*
Continuously optimizing structures and processes to reduce operating expense.

EMPLOYEES AND SOCIETY

Customers are at the heart of our business activities. But ultimately it is the employees, with their knowledge and their commitment, who make the company successful. As a result of digital change, new possibilities are emerging for our employees to contribute to shaping their work. We want our employees to complete further training and achieve their professional goals and we want our managers to motivate talented employees so that we can create a flexible, dynamic organization that reacts in a rapid and agile way to our constantly changing market.

In 2016, ALSO had an annual average of 3 524 employees from 50 nations, which is 125 fewer employees than in the previous year (–3.5 percent). This decrease is attributable to the deconsolidation of ALSO Logistics Services GmbH. Personnel expenses in the reporting year amounted to 209.4 million euro, representing a year-on-year decrease of 1.3 percent.

With the web-based Performance Appraisal Tool, the performance of around 200 managers is systematically reviewed and evaluated twice a year. It also reveals any necessary training measures.

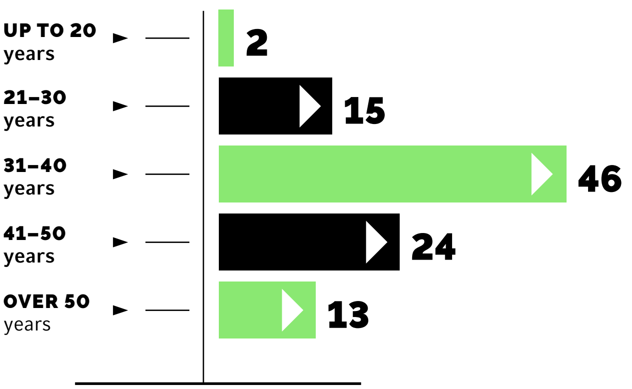
During the fiscal year, **local training and development courses** with the following content were offered at the individual national companies:

- Workshops for strategic orientation at the national companies
- Leadership training at different levels on day-to-day management work (holding difficult appraisal interviews, target agreements, etc.)
- Project management training
- Personal management and time management seminar
- Negotiation skills with dealers and customers
- Sales training courses for CRM, New Web, etc.
- Induction programs and training courses for new employees, trainees, and interns
- Training on the introduction and use of the company’s own tools/platforms, e.g. SAP
- Internal courses, e.g. business English, Excel, chairing meetings, presentation skills, etc.

In summer and fall 2016, around 80 specialists and managers from all countries and roles within the ALSO Group took part in an **"Innovation Workshop"** in Berlin with the aim of discovering and developing the start-up mentality. This workshop comprised four sessions in which the "design thinking method" was applied with a focus on the topics of HR, service development, customers, and digitalization. This method is now regularly used throughout the company to gain a thorough grasp of processes and quickly arrive at solution-oriented action. The results of the workshops are being enlarged upon in centrally managed working groups and gradually implemented at the company.

The age structure of our employees is balanced and displays a good mixture between highly qualified employees, internationally experienced managers, and young talents. Through our training program and cooperation with universities we have access to qualified young professionals.

AGE STRUCTURE OF ALSO GROUP EMPLOYEES AT DECEMBER 31, 2016 (IN PERCENT)



ALSO conducts a group-wide survey of employee satisfaction (NPS) each year. In this way, we obtain valuable results for developing specific improvement measures and integrating them in the organization. The results are reflected on by the employees responsible for organization in discussions with the respective departments, and actions are developed on this basis.

ECOLOGY

In the context of environmental management, our Swiss national company continuously collects and assesses figures on energy consumption and emissions, packing materials and consumables, waste volumes, and the CO_2 emissions of our transportation partners. The results are used to derive specific measures for reducing consumption and emissions and ensuring environmentally friendly operation. On this basis, the national companies throughout the Group began recording their energy consumption in 2016.

BUSINESS DEVELOPMENT OF THE GROUP

ICT MARKET OVERVIEW

According to the CONTEXT market research institute, net sales in the entire ICT distribution market in the countries that are relevant for ALSO fell by –0.9 percent compared to the previous year. The main areas driving this development were telecommunications (–10.0 percent), components (–3.3 percent), desktops (–3.1 percent), and printing (–3.7 percent). Positive trends were recorded in the areas of displays (+4.7 percent), software (+4.6 percent), consumables (+3.7 percent), and networking (+1.9 percent).

In the comparable reporting year, ASLO gained market share in significant categories: software +6.1 percent (Panel +4.6 percent), storage +3.4 percent (Panel –1.6 percent), components +0.7 percent (Panel –3.3 percent), displays +6.1 percent (Panel +4.7 percent), networking +6.4 percent (Panel +1.9 percent), and printing –0.3 percent (Panel –3.7 percent).

There were slight declines in ALSO's market share in the categories of telecommunications with –30.9 percent (Panel –10.0 percent), mobile computing with –4.4 percent (Panel –2.0 percent),

NET SALES, EBT, AND MARGIN BY MARKET SEGMENT (IN MILLION EURO)

	CENTRAL EUROPE[1] 2016	CENTRAL EUROPE[1] 2015	CENTRAL EUROPE[1] Change	NORTHERN/EASTERN EUROPE[2] 2016	NORTHERN/EASTERN EUROPE[2] 2015	NORTHERN/EASTERN EUROPE[2] Change
EBT	90.7	63.2	+43.5 %	23.2	35.4	–34.5 %
EBT MARGIN	1.8	1.2	+50.0 %	0.7	1.2	–41.7 %
NET SALES	4 992	5 094	–2.0 %	3 337	2 923	+14.2 %

1) Germany, France, Austria, Switzerland
2) Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, Netherlands, Norway, Poland, Sweden, Slovenia

and consumables with +1.0 percent (Panel +3.7 percent). The decrease in the Panel figure for telecommunications was particularly attributable to the falling volume of Apple and Samsung sales (–12 percent and –39 percent). Due to the low Panel share (4.3 percent), this only affected ALSO to a small extent. The focus in this segment was on optimizing earnings. In the area of consumables and mobile computing, by contrast, the ALSO Panel share is already very high (36 percent and 31 percent). The focus is therefore on optimizing the vendor and product category mix to increase profitability.

CENTRAL EUROPE MARKET SEGMENT

According to CONTEXT, the ICT distribution market volume in the Central European countries that are relevant for ALSO remained at the previous year's level. In the comparable reporting year, ALSO grew by +4.8 percent in France (Panel –1.2 percent). This gratifying growth is attributable to the increased performance in nearly all categories. In Switzerland[1], ALSO and Panel posted encouraging growth of +5.8 percent (Panel +7.7 percent) again after a decline in 2015. In Germany, ALSO made targeted investments in projects with higher margins, recording a decline of –4.5 percent (Panel –0.5 percent).

NORTHERN/EASTERN EUROPE MARKET SEGMENT

According to CONTEXT, the ICT distribution market developed negatively in this region (–3.3 percent). By contrast, ALSO recorded encouraging growth of +2.3 percent and thus significantly expanded its market share. This applies to all ALSO companies in this segment: in Denmark[1] with +6.1 percent (Panel +1.4 percent), in Sweden[1] with +5.2 percent (Panel +0.5 percent), in Norway[1] with -2.6 percent (Panel –5.8 percent), in Finland with –4.7 percent (Panel –4.9 percent), and also in Poland[1] with +27.6 percent (Panel –0.4 percent). ALSO's position in Poland was thus strengthened significantly.

BUSINESS DEVELOPMENT OF THE GROUP

ALSO is presenting a record result for fiscal year 2016. Group net profit climbed by 32.3 percent year-on-year to 83.2 million euro. At the same time, the Group's net sales improved by 2.5 percent to 8.0 billion euro.

Profit before taxes (EBT) rose by 25.4 percent from the previous year to 113.9 million euro in fiscal year 2016, boosted by factors including the decrease in depreciation and amortization and the absence of the previous year's non-recurring negative effects. EBITDA increased by 4.3 percent to 146.0 million euro.

CENTRAL EUROPE AND NORTHERN/EASTERN EUROPE MARKET SEGMENTS

The company is represented in 15 countries, which are grouped into two market segments: the Central Europe market segment (Austria, France, Germany, and Switzerland) and the Northern/Eastern Europe market segment (Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, Netherlands, Norway, Poland, Slovenia, and Sweden).

In the Central Europe market segment, ALSO posted a year-on-year decline of 2.0 percent from 5 094 million euro to 4 992 million euro. EBT improved by 43.5 percent from 63.2 million euro to 90.7 million euro. In France, the rise in net sales continued with strong growth in 2016. ALSO Switzerland recorded significant growth again after a difficult year in 2015. The improvement in EBT was mainly attributable to the French and German markets. In Germany, the company deliberately passed up on a number of high-volume orders in the retail sector in favor of higher profitability.

In the Northern/Eastern Europe market segment, net sales rose by 14.2 percent compared to the previous year, from 2 923 million euro to 3 337 million euro. EBT decreased from 35.4 million euro to 23.2 million euro. The figures were adjusted due to the reclassification of Dutch business to the Northern/Eastern Europe market segment in the past fiscal year. Continuing start-up investments in the new markets in Poland and Benelux, as well as the new state-of-the-art warehouse in Finland, are having a negative impact on the short-term development of profits.

1) In local currency

INVESTMENTS AND ACQUISITIONS

INVESTMENTS

Investments in property, plant and equipment and intangible assets amounted to around 13.4 million euro in 2016 (previous year: 13.8 million euro). These funds were used for the ongoing development of the IT and logistics infrastructure in particular. The ratio of investments to EBITDA was 9.2 percent (previous year: 9.8 percent). The new warehouse location in Finland was opened in 2016. This warehouse allows ALSO Finland to serve customer needs even more flexibly. With regard to intangible assets, a significant portion relates to the SAP launches in Poland and Switzerland. The investments include two mobile data centers as part of the partnership with Cancom. ALSO uses these data centers for its own requirements and for services for customers. The investments will make a key contribution to achieving the ambitious growth targets. ALSO will continue its investment policy moving ahead as well. In the area of logistics, investments in fittings for a new warehouse in Poland are required in 2017 as a result of growth.

ACQUISITIONS

The funds used for acquisitions amounted to around 3.7 million euro in 2016 and related exclusively to the purchase price payments for the complete acquisition of the Swiss company Bachmann Mobile Kommunikation AG (Bachmann), Stans. The existing investment was increased and another 70 percent of the shares were acquired. The share of services business in ALSO's total net sales is expected to rise to between five and ten percent in the medium term as a result of organic and non-organic growth. Bachmann is a leading Swiss provider of repair and logistics services in after-sales service in the consumer electronics and mobile communications industry. ALSO and Bachmann already perform various reverse logistics activities, including repair services, cost estimates for end customers, and returns processing, for major customers such as Swisscom, Sunrise, Salt, and the Swiss postal service.

ALSO is still striving to support the ambitious growth targets with value-adding acquisitions. The focus is on acquisitions of Solution and Service activities that can be scaled up based on the ALSO platform, and on acquisitions on European growth markets to expand the ALSO platform. Options on developed European markets, where ALSO is not represented, are also being considered to expand the platform.

INVESTMENTS AND ACQUISITIONS IN BRIEF

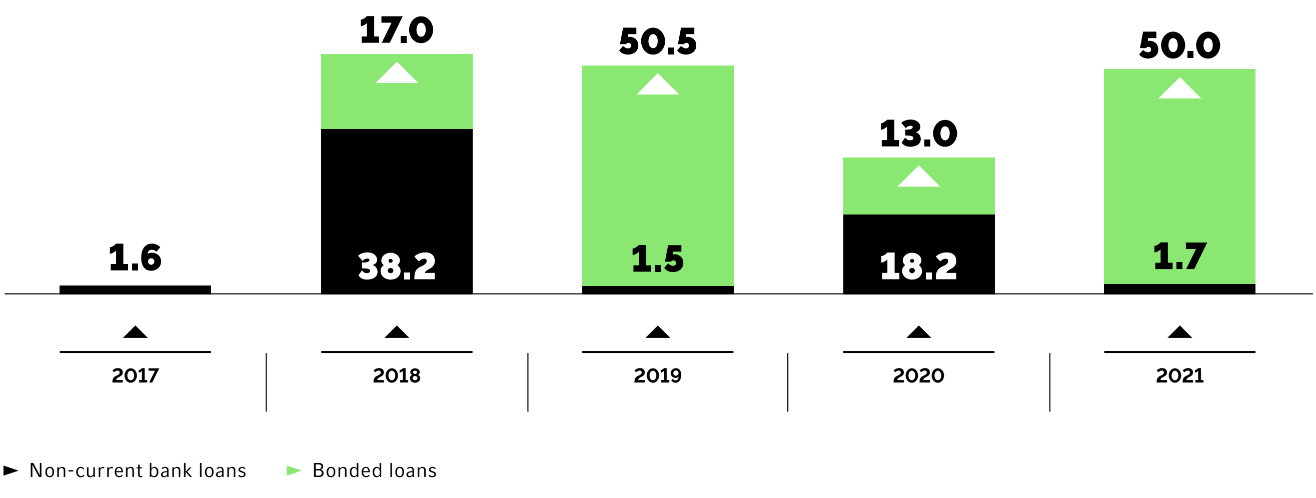
EUR 1 000	2016	2015	2014	2013
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**13 351**	**13 751**	**11 965**	**9 002**
Thereof in land and buildings	291	854	2 016	528
Thereof in warehouse equipment	3 218	5 432	1 087	1 496
Thereof in other property, plant and equipment	4 014	4 061	3 512	4 142
Thereof in intangible assets	5 828	3 404	5 350	2 836
Investments as a percentage of EBITDA	9.2 %	9.8 %	9.7 %	7.9 %
ACQUISITIONS	**3 676**	**11346**	**62 308**	**2 320**
Bachmann Mobile Kommunikation AG	3 676			
TOTAL INVESTMENTS AND ACQUISITIONS	**17 027**	**25 097**	**74 273**	**11 322**

SOLID FINANCING STRUCTURE

The main task of ALSO's finance division is to provide the necessary liquidity for financing the company's operating business on the condition of securing the capital structure. It aims to finance the required maturities at the best possible conditions. As a result of the transactional business, the majority of financing requirements are short-term. Owing to seasonal effects, working capital is subject to short-term fluctuations. The necessary cash is obtained mainly by selling existing receivables to factoring companies. This is supplemented by bank lines of credit that are available at short notice. In addition, ALSO continuously increased the proportion of long-term financing by placing bonded loans on the capital market. In order to minimize risk, attention was paid here to obtaining a broadly diversified term structure at favorable financing conditions and factoring was reduced accordingly.

In early 2016, the restructuring of the existing bonded loans begun in 2015 was completed and the existing factoring transaction in Germany was increased. It now offers greater flexibility to cover net working capital financing. The long-term financing displays a balanced distribution of the maturity structure over the years 2018 to 2021.

MATURITY PROFILE (IN MILLION EURO)



CONSOLIDATED STATEMENT OF CASH FLOWS

The higher consolidated net profit in 2016 again resulted in an increase in cash flow from operating activities before changes in net working capital of 4.2 percent and amounted to around 100.1 million euro. It is available to ALSO for its operational and strategic further development and can be regarded as sustainable cash.

The amount of the change in net working capital is strongly dependent on seasonal effects and the timing of customer sales and payments, and fluctuates between periods. Reduced sales of customer receivables normally result in a negative cash flow from the change in net working capital. After deducting the change in net working capital of 10.1 million euro, the remaining cash flow from operating activities amounted to 90.0 million euro, which is considerably higher than in the previous year (+128 percent).

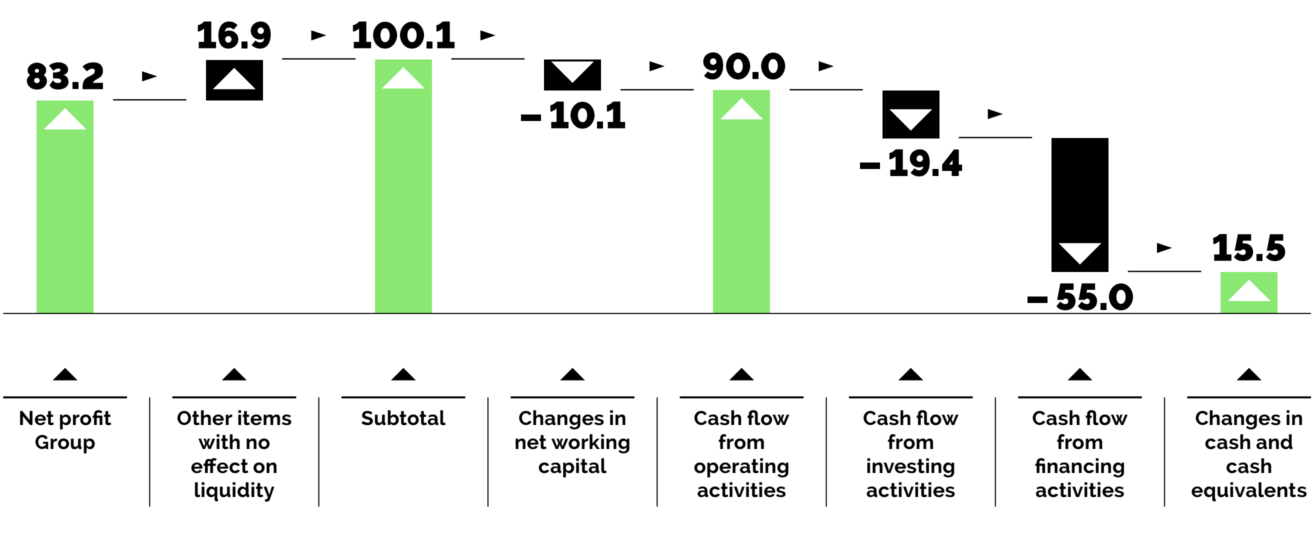
Inventories were up 3 percent year-on-year in line with the 2.5 percent rise in net sales. This led to a cash flow from the increase in inventories of –22.3 million euro. The changes in trade payables and trade receivables and receivables from factoring almost offset each other. The remaining effect resulted from net other items.

The cash flow was further reduced by investments in property, plant and equipment, and acquisitions, in the amount of 19.4 million euro. This included part of the purchase price payment from the acquisitions of the PC Factory Group and NRS, as well as the purchase price of 3.7 million euro for increasing the shareholding in Bachmann.

In the cash flow from financing activities of –55.0 million euro, there were negative cash flows from the distribution to the shareholders of 22.3 million euro. The remaining amount results from the repayment of current bank loans and factoring liabilities.

With cash and cash equivalents of 55.0 million euro and bank credits available at short notice of 334 million euro, the ALSO Group has a high level of available liquidity.

CONSOLIDATED STATEMENT OF CASH FLOWS (IN MILLION EURO)



OUTLOOK

ECONOMIC SITUATION

The economic outlook issued by UBS Research shows that the economy in the euro zone will continue its moderate recovery in 2017. According to the latest forecast, the gross domestic product (GDP) of the 19 euro-zone countries will rise by 1.3 percent (2016: 1.6 percent). Initial estimates indicate that the economy throughout the euro zone will continue to be boosted by the significant depreciation of the euro in relation to the US dollar that began in 2014. In Europe, it is generally the sound private consumer spending that is keeping the economy running smoothly. Investment activities have declined significantly in view of continuing unresolved structural problems, latent banking crises in Italy and Germany, and the UK's imminent exit from the EU.

At the same time, the uncertainties in relation to the economic outlook do not seem to be decreasing to any significant extent. The risks include higher volatility on the financial markets, triggered by the normalization of US monetary policy, and a more pronounced slowdown in global trade in emerging markets. With regard to global GDP, UBS Research forecasts growth of 3.3 percent in 2017 (2016: 2.9 percent). Economic growth therefore will not manage to reach a faster pace. The reason for this is essentially the same in all countries: Companies around the world are being extremely cautious in terms of their investment activities.

MARKET OUTLOOK

For the ICT market in the ALSO countries[1)], the Gartner market research institute forecasts an increase in end-user spending of 1.4 percent.

DEVELOPMENT OF END-USER SPENDING ON IT BY SEGMENT (IN PERCENT)

Segment	2016	2017
Devices	−7.1 %	−4.1 %
Data Center Systems	−3.6 %	+1.8 %
Software	+4.9 %	+6.2 %
IT Services	+3.1 %	+4.0 %
Communications Services	−3.3 %	−0.6 %
TOTAL	−0.8 %	+1.4 %

Chart created by ALSO based on Gartner Research, Source: Gartner, Inc., Gartner Market Databook, 4Q16 Update
Analysts: Ken Newbury, Kathryn Hale, George Shiffler III, Adrian O'Connell, Steve Cramoysan, Ranjit Atwal, Colleen Graham, publication date: December 21, 2016

1) Belgium, Austria, Denmark, Finland, France, Germany, Netherlands, Norway, Poland, Sweden, Switzerland; excl. Baltics and excl. Slovenia

DEVICES

In the Devices sector, Gartner anticipates a 4.1 percent decrease in end-user spending. A decline of 7.0 percent is forecast in the PCs and tablets subsegment. ALSO expects that sales of PCs will prove to have reached their lowest point in 2016 and will stagnate in 2017. Extensions of useful lives have taken effect for PCs and various tablets in the past and are now also expected to impact the mobile phones subsegment, where a 1.6 percent decline is forecast despite the iPhone 8 release. Spending on printers is expected to decrease by 4.2 percent, mainly due to mobility, digitalization, and other changes. In 2017 an increase in the average selling prices for PCs is expected.

SOFTWARE

According to Gartner's forecasts, the software sector will post strong growth of 6.2 percent. In the enterprise application software subsegment (+7.7 percent), ALSO expects customer relationship management (CRM) to be a growth driver, followed by enterprise resource planning (ERP) and other application software. SMB growth is likely to outflank large companies, new requirements will be placed on data management, and the incentive to update IT infrastructure will increase.

In the infrastructure software subsegment, the forecast growth of 4.8 percent will be supported by database management systems. ALSO assumes that the market will continue to be characterized by the positive effects of new trends in 2016: digital business, bimodal IT and software-defined infrastructure, cloud provision, and open source. Growing acceptance of cloud services is expected to further cannibalize the market for traditional on-premise software. The digitalization of business will drive forward the development in this sector, particularly with regard to demand for flexible products with easy access.

DATA CENTER SYSTEMS

End-user spending on data center systems is expected to grow by 1.8 percent. Gartner forecasts a 6.8 percent decline in external controller-based storage, which ALSO believes is a result of alternative architecture. Based on the Gartner report, this decline in net sales will be offset by the server subsegment (5.1 percent), enterprise network equipment (+4.1 percent) and unified communications (+2.9 percent). In view of the uncertainty surrounding Brexit, ALSO assumes IT spending to become more flexible and tactical instead of focusing on long-term strategies. Companies are motivated to relocate their data centers to the EU to take advantage of the EU trade policy. In the long term, the two major disruptive forces in this sector are software-defined infrastructure and cloud deliveries.

IT SERVICES

Gartner forecasts growth of 4.0 percent in the IT services sector. In the subsegments, a 4.5 percent increase in business IT services and a 0.8 percent decrease in IT product support are anticipated. Gartner estimates that the growth drivers in the business IT services category will be firstly infrastructure as a service (IaaS) and secondly technology consulting. Growth in IT product support will be driven by both application and infrastructure software support. Consulting expenses will be affected by a number of uncertainties, particularly due to the effects of Brexit in the EU.

In general, ALSO believes that demand for cloud services will continue to pick up momentum, as a growing number of companies are deciding to host their own applications in the public cloud on the basis of IaaS or under contracts with managed service providers on the basis of IaaS. Business consulting and data center services will also act as growth drivers in this sector.

COMMUNICATIONS SERVICES

Overall, the communications services segment is expected to post a decline of 0.6 percent. In general, sales declines are forecast in the following subsegments: consumer fixed services (−3.7 percent) and enterprise fixed services (−3.3 percent). ALSO assumes that growth in the consumer segment (1.8 percent) and enterprise mobile services (1.3 percent) will be caused by increased pricing pressure in fixed-line services.

The anticipated decline in net sales in 2017 in the devices and communication services categories will be more than offset by increased spending on software, data center systems, and IT services.

Disclaimer: The actual development, particularly that of the financial situation and results, may differ from the statements or estimates made here. ALSO accepts no responsibility for updating these forward-looking statements or estimates. Reports issued by Gartner that are reproduced here constitute data, analyst opinions, or points of view published by Gartner, Inc. (Gartner) as part of a service subscription, not representations of facts. All Gartner reports relate to the original date of their publication (not the date of this publication). The views expressed in the Gartner reports may change without prior notice.

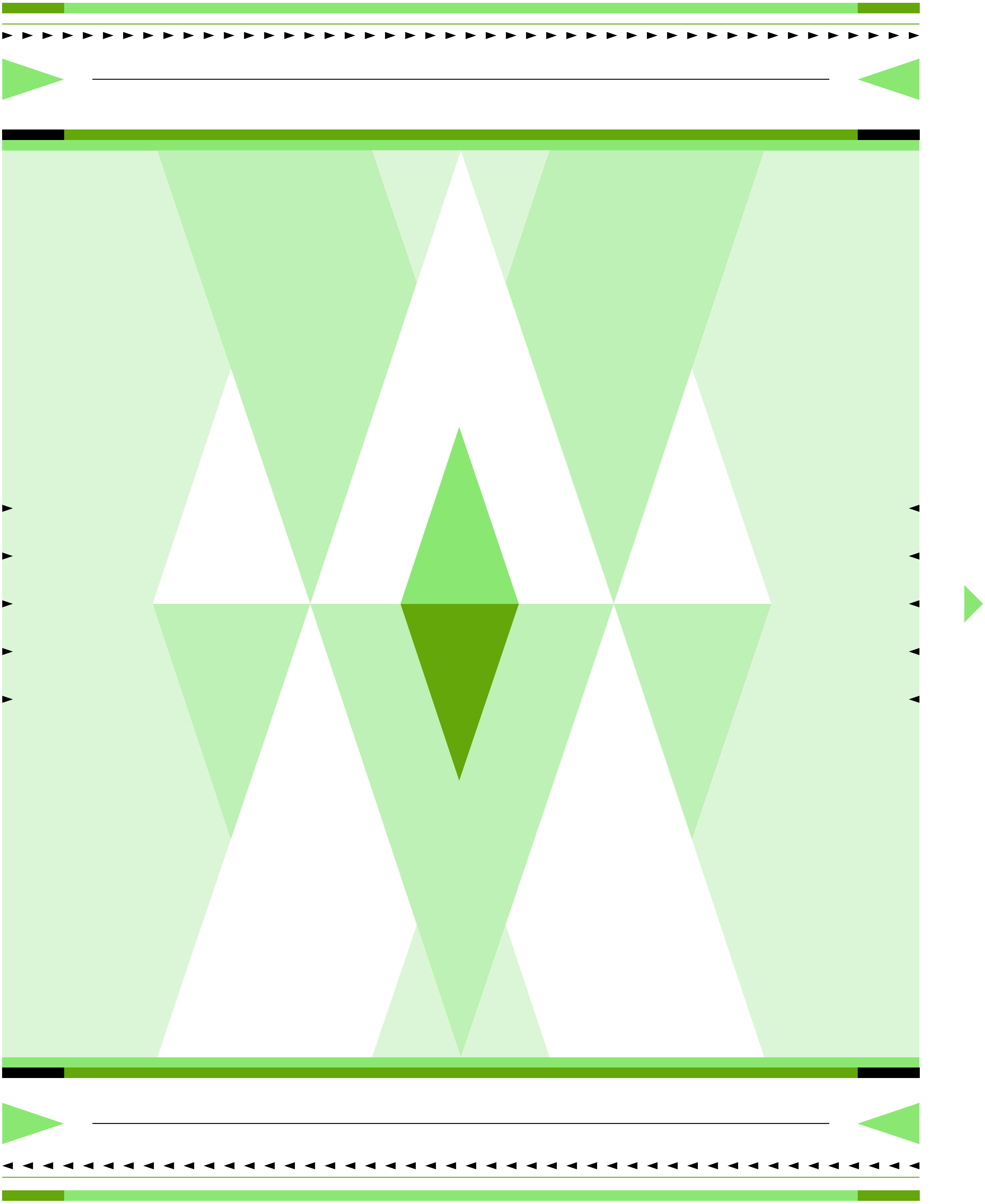
ALSO OUTLOOK

The implementation of the MORE strategy will remain a key focus in 2017. Besides enhancing the supply area, ALSO intends to expand its solutions and services business further in order to increase its market share with convincing market services. In line with the strategy, the ALSO Group will continue to consider possible acquisitions. Including acquisitions, ALSO is aiming for a net sales volume of 9 to 12 billion euro in the medium term. The share of solutions is expected to be between 20 percent and 30 percent, while 5 percent to 10 percent is targeted in the service area. These shares will also depend on the weighting of the acquisitions. ALSO expects them to be focused on the areas of solutions and services. In the area of services, the focus is on expanding usage-based business models: platform, infrastructure, workplace, and software as a service. In the area of supply, the aim is to optimize the provider and buyer composition, product categories, and operating expenses. This, combined with optimization of the proportionate weighting of the business models, will result in an increase in profitability. In the medium term, ALSO is aiming for an EBITDA margin in a range of 2.0 percent to 2.5 percent of net sales. Despite continuing uncertainties with regard to the economic conditions, ALSO is therefore confident that the targeted measures will take full effect and that an attractive return can be generated in the future, too.

In 2017, business opportunities will also arise for ALSO as a result of changes in the competitive structure. The anticipated sales increase in the year as a whole should therefore be above the market growth of 1.4 percent forecast by Gartner. With regard to consolidated net profit, the increase is once again expected to be higher than the forecast sales growth.

Disclaimer: This Annual Report contains forward-looking statements which are based on current assumptions and forecasts of the ALSO management. Known and unknown risks, uncertainties, and other factors could lead to material differences between the forward-looking statements made here and the actual development, in particular the results, financial situation, and performance of the Group. The Group accepts no responsibility for updating these forward-looking statements or adapting them to future events or developments.

2
CORPO RATE GOVER NANCE



CORPORATE GOVERNANCE

This Corporate Governance Report contains the information that is stipulated by the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and follows its structure.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

ALSO Holding AG is the parent company of the ALSO Group, which directly or indirectly holds all other Group companies and associates. The shares of ALSO Holding AG have been listed on SIX Swiss Exchange since 1986 (symbol: ALSN, valor symbol: 2 459 027, ISIN: CH0024590272). The market capitalization of the ALSO Group amounted to CHF 1 155 million as of December 31, 2016.

Please ► see page 126 of the annual report for the list of the Group's subsidiaries and equity investments.

The ALSO Group has streamlined and efficient management structures at all levels. The operational Group structure as of December 31, 2016 is as follows: The Board of Directors of ALSO Holding AG is responsible for the highest level of management ► see also section 3 of this report. It defines the strategic, organizational, and financial goals of the Group. There are also three committees (Compensation and Nomination Committee, Board Committee, and Audit Committee; ► see also section 3.4.2 of this report).

In addition to the Board of Directors, there is a four-person Group Management consisting of the CEO, CFO and the Corporate Vice Presidents for Central Europe and Northern/Eastern Europe ► see also section 4 of this report. The Board of Directors has delegated the management of the day-to-day business of the company to Group Management under the direction of the CEO of the Group. The Board Committee advises and supervises Group Management.

For every country in which ALSO is active, a Managing Director bears the overall operational responsibility. There are also Senior Vice Presidents who are responsible for the Group-wide functional areas of Supply, Solutions, Logistics, Financial, IT and Digital Services and for Small & Medium Business. Beginning January 2017, the Corporate Vice Presidents will have supra-regional responsibility for customers so that they can adapt best practices of the different customer segments.

1.2 SIGNIFICANT SHAREHOLDERS

SIGNIFICANT SHAREHOLDERS

	12.31.2016	12.31.2015
Special Distribution Holding GmbH, Dusseldorf (Germany)*/**	51.30 %	51.30 %
Schindler Pars International Ltd., Hergiswil (Switzerland)**/***	7.60 %	27.97 %
Bestinver Gestion, S.G.I.I.C. S.A., Madrid (Spain)	5.96 %	5.97 %
SaraSelect, c/o J. Safra Sarasin Investmentfonds AG, Basel (Switzerland)	4.00 %	3.00 %
LB(Swiss) Investment AG, Zurich (Switzerland)	3.93 %	3.18 %

Source: Share register as of December 31, 2016 (without nominees)
* Controlling shareholder: Walter P.J. Droege through Droege International Group AG
** Acted together as group of shareholders until September 15, 2016
*** Held 100 percent by Schindler Holding AG

On September 15, 2016, the shareholders' agreement between Special Distribution Holding GmbH and Schindler Holding AG was terminated. Consequently, the contractually provided minority and representation rights of Schindler Holding AG ceased. Due to the termination of the shareholders' agreement, Special Distribution Holding GmbH, Schindler Pars International Ltd., and the beneficial owners of these companies no longer constitute a group that is subject to disclosure requirements.

Notifications made during the fiscal year in accordance with Art. 120 et seqq. Financial Market Infrastructure Act "FMIA" can be viewed using the following link:

► **https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html**

As regards the value of the percentage voting rights shown, it should be noted that any changes in the percentage voting rights between the notifiable threshold values are not subject to disclosure requirements.

1.3
CROSS-SHAREHOLDINGS

ALSO Holding AG has no cross-shareholdings exceeding 5 percent in any company outside the ALSO Group.

2.
CAPITAL STRUCTURE

2.1
ORDINARY SHARE CAPITAL

The ordinary share capital amounts to CHF 12 848 962 as of December 31, 2016. It consists of 12 848 962 fully paid-up registered shares with a nominal value of CHF 1.00 per share. Subject to Art. 5 of the Articles of Association, each registered share entitles the shareholder to one vote as well as to a proportionate share of the available earnings and liquidation proceeds.

The company has issued neither participation certificates nor shares with preferential rights.

The company has not issued any profit-sharing certificates.

2.2
AUTHORIZED AND CONDITIONAL SHARE CAPITAL

The company has authorized share capital and conditional share capital of CHF 2 500 000 each as of December 31, 2016. Capital increases from authorized and conditional share capital are mutually restrictive, i.e. the total number of new shares resulting from the authorized and conditional share capital together in accordance with Art. 2a and 2b of the Articles of Association may not exceed 2 500 000 shares. The proportion of new shares assigned to each of the two categories is stipulated by the Board of Directors. The newly issued shares are subject to the restrictions set out in Art. 5 of the Articles of Association.

The Articles of Association containing the precise wording of the texts relating to authorized and conditional share capital, specifically details regarding the beneficiaries and the conditions and forms of issue, can be downloaded as a .pdf document at ► **www.also.com/goto/articlesofassociation**.

2.3
CHANGES IN CAPITAL DURING THE LAST THREE YEARS

There were no changes in share capital in the last three years.

2.4
LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

In accordance with Art. 5 of the Articles of Association, the Board of Directors may refuse to register an acquirer of shares as a full shareholder (i.e. as a shareholder with voting rights) unless the acquirer expressly declares that they have acquired the shares in their own name and on their own account.

The Articles of Association do not contain any specific rules regarding the registration of nominees in the share register.

2.5
CONVERTIBLE BONDS AND OPTIONS

ALSO Holding AG had not issued any convertible bonds or options as of December 31, 2016.

3.
BOARD OF DIRECTORS

3.1
MEMBERS OF THE BOARD OF DIRECTORS, ACTIVITIES, AND VESTED INTERESTS

The Board of Directors, which according to the Articles of Association may have a maximum of eight members, currently has seven members. Except for Gustavo Möller-Hergt, who has been a member of Group Management since 2011, and a member and

Chairman of the Board of Directors since March 13, 2014, the Board of Directors is composed of non-executive members.

BOARD OF DIRECTORS

Name	Nationality	Position	Since
Gustavo Möller-Hergt	DE	Chairman	2014
Walter P.J. Droege	DE	Vice Chairman	2011
Rudolf Marty	CH	Member	1993
Karl Hofstetter	CH	Member	1996
Frank Tanski	DE	Member	2011
Peter Athanas	CH	Member	2014
Ernest-W. Droege	DE	Member	2016

As of December 31, 2016

Changes to the Board of Directors in the reporting period: Ernest-W. Droege was elected to the Board of Directors of ALSO Holding AG by the Annual General Meeting on March 17, 2016. Olaf Berlien did not stand for re-election and resigned from the Board of Directors on the date of the Annual General Meeting.

None of the members of the Board of Directors, with the exception of Gustavo Möller-Hergt, has been a member of the Group Management of ALSO Holding AG or a subsidiary of the ALSO Group in the three fiscal years preceding the year under review.

Walter P.J. Droege is the majority shareholder of Droege International Group AG (the Droege Group). Please ► see section 6.6 on page 128 of the annual report for details of the business relationships between the ALSO Group and the Droege Group. There are no other material business relationships between the members of the Board of Directors and ALSO Holding AG.

3.2
NUMBER OF PERMISSIBLE ACTIVITIES

According to Art. 24 of the Articles of Association, a member of the Board of Directors may exercise a maximum of ten additional activities as a member of the highest management or directorial body of other legal entities that are entered in the Commercial Register, or required by Art. 12 of VegüV to be so entered, and are not controlled by the company. The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the ALSO Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

3.3
ELECTION AND TERM OF OFFICE

The members of the Board of Directors are elected individually by the Annual General Meeting for a term of office of one year and can be re-elected. The Chairman of the Board of Directors is also elected by the Annual General Meeting for a period of office of one year. There is no limit on the term in office.

The Board of Directors has decided that, as a rule, members should retire at the Annual General Meeting held to approve the Annual Report for the fiscal year in which they reach the age of 70. In exceptional cases, the Board of Directors may decide to waive this rule.

3.4
INTERNAL ORGANIZATION

3.4.1
DIVISION OF ROLES WITHIN THE BOARD OF DIRECTORS AND WORKING METHODS

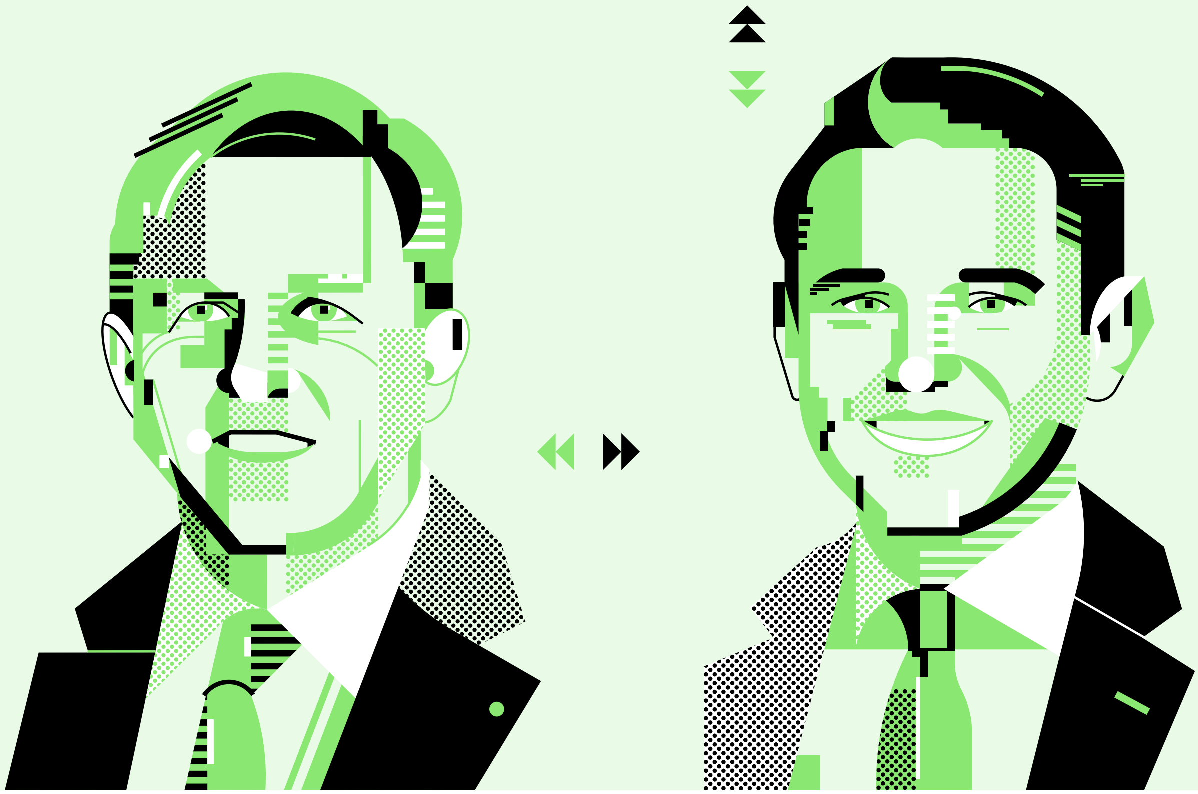
The Board of Directors represents ALSO Holding AG towards third parties. It can delegate the representation powers to one or more of its members or to third parties. The Chairman convenes meetings of the Board of Directors as often as the Group's business requires, but at least four times a year. The Chairman prepares the meetings, chairs them, and draws up their agenda. The Vice Chairman deputies for the Chairman. Any member of the Board can ask for a meeting to be convened and for the inclusion of an item on the agenda.

MEMBERS OF THE BOARD OF DIRECTORS

ACTIVITIES AND VESTED INTERESTS

WALTER P.J. DROEGE

Member and Vice Chairman of the Board of Directors of ALSO Holding AG since 2011 and Chairman of the Board Committee. **CAREER MILESTONES** Founder and sole director of Droege International Group AG, Dusseldorf, Germany, which is wholly owned by the Walter P.J. Droege family. **EDUCATION** Diploma in Business Management **OTHER ACTIVITIES AND VESTED INTERESTS** Member of the supervisory boards, CEO or member of the advisory boards of various subsidiaries within the Droege International Group AG; member of the Advisory Board of Deutsche Bank, Dusseldorf, Germany; member of the Board of HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany; Vice Chairman of the Supervisory Board of Trenkwalder International AG and of Trenkwalder Beteiligungs GmbH, both in Vienna, Austria; member of the Advisory Board of Weltbild Holding GmbH, Augsburg, Germany; member of the Supervisory Board of the METRIC mobility solutions AG, Hannover, Germany.



PETER ATHANAS

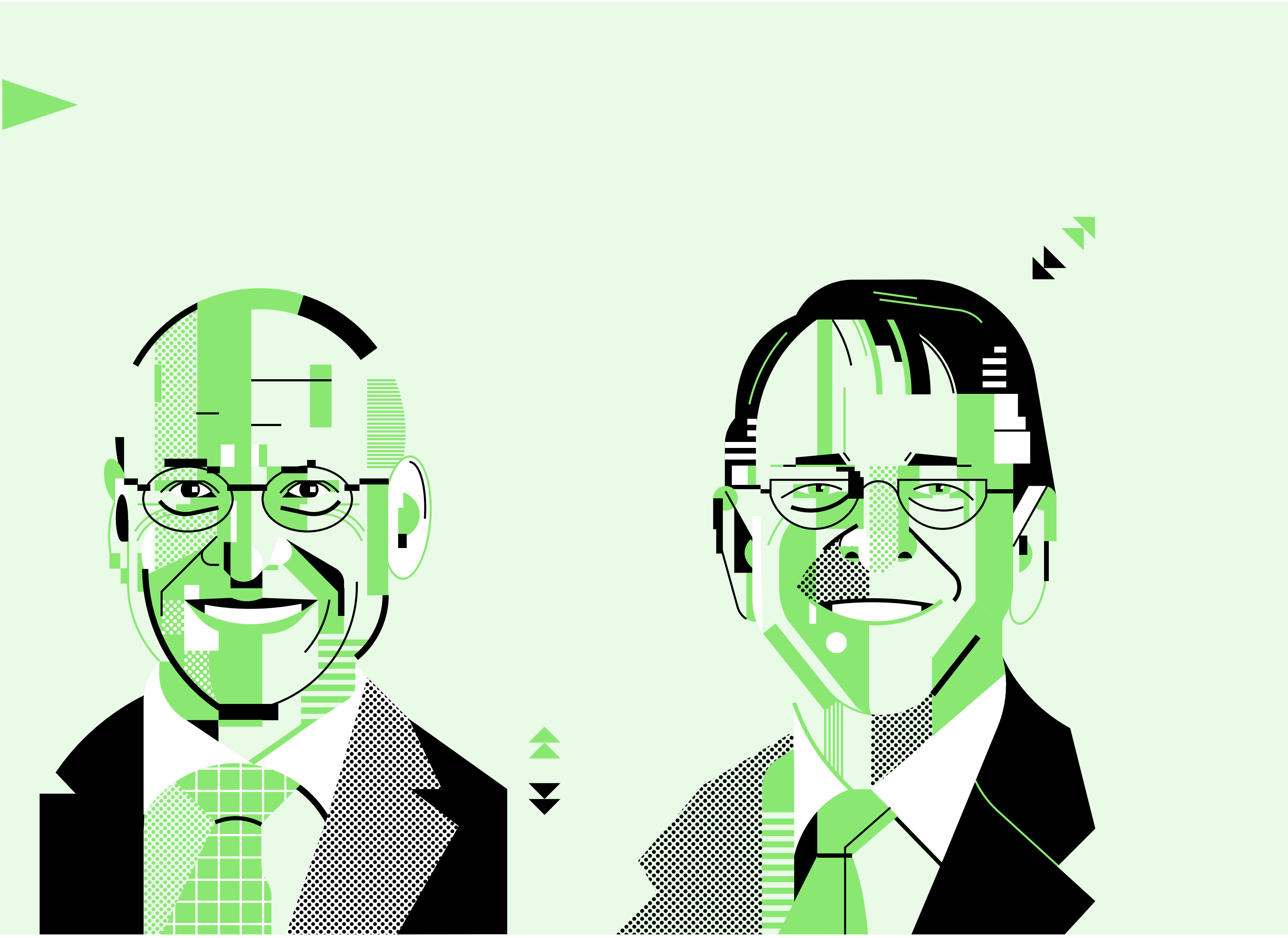
▼

Member of the Board of Directors of ALSO Holding AG since 2014 and Chairman of the Compensation and Nomination Committee. **CAREER MILESTONES** ► CEO of pa impact GmbH, Baden, Switzerland. Before Senior Executive Vice President Corporate Development of Schindler Holding AG. Member of the Board of Directors and of the Executive Committee of the Board of the Schindler Group. Chairman of the Board of Directors and CEO of Ernst & Young Switzerland, member of the Global Executive Board and member of the Global Management Group. Partner in the Arthur Andersen organization, CEO of Arthur Andersen Switzerland, and member of the Global Board. **EDUCATION** ► Master in Law and Economics and PhD in Economics from the University of St. Gallen, Switzerland. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Board of Cembra Money Bank Ltd, Zurich, Switzerland; member of the Board of Directors of Blackrock Asset Management Schweiz AG; member of the Board of Skuani AG, Zurich, Switzerland; member of the Board of the Institute of Public Finance and Fiscal Law of the University of St. Gallen, Switzerland, a council member of the Foundation for the Promotion of Studies for the Master in Law and Economics of the University of St. Gallen, Switzerland, and Curator of the Werner Siemens-Foundation, Zug, Switzerland. Professor of National and International Tax Law at the University of St. Gallen, Switzerland. Member of the Foundation Board of the Swiss Study Foundation, Zurich, Switzerland. Advisory role at Schindler Holding AG, Hergiswil, Switzerland.

ERNEST-W. DROEGE

▼

Member of the Board of Directors of ALSO Holding AG since 2016. **CAREER MILESTONES** ► Member of the management teams of Droege International Group AG, Düsseldorf. Prior to that, in investment banking at Goldman Sachs. **EDUCATION** ► Studied industrial engineering in Karlsruhe and Zurich, doctorate in economics at RWTH Aachen. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the supervisory boards, CEO, or member of the advisory boards of various subsidiaries within the Droege International Group AG, including CEO of Droege Group Unternehmer-Beratung GmbH, Düsseldorf, Germany; Chairman of the Supervisory Board of Trenkwalder International AG and Trenkwalder Beteiligungs GmbH, both in Vienna, Austria.

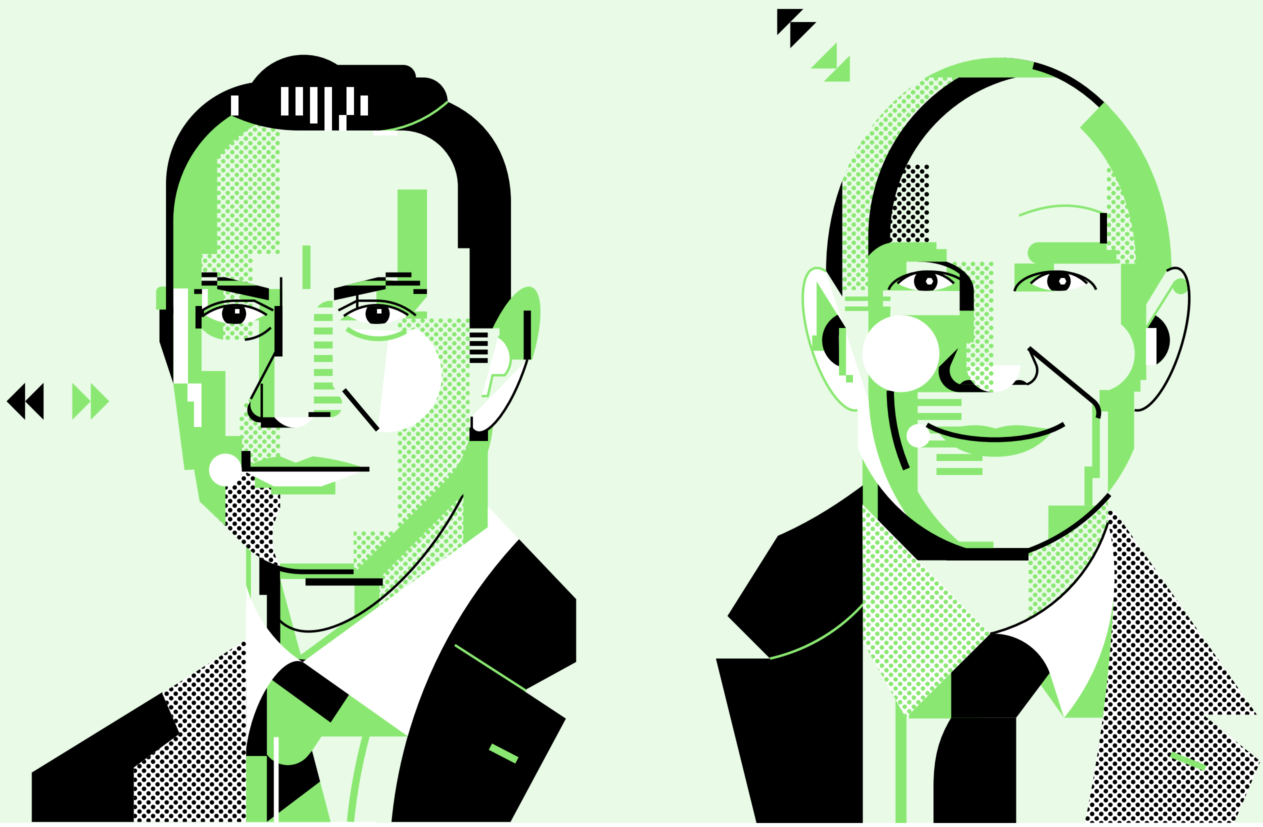


KARL HOFSTETTER

Member of the Board of Directors of ALSO Holding AG since 1996. **CAREER MILESTONES** ► Group General Counsel of the Schindler Group. For many years a member of the Executive Committee of Schindler Holding AG, Hergiswil, Switzerland. **EDUCATION** ► Studies in law and economics at the universities of Zurich (Switzerland), Stanford, UCLA, and Harvard (all USA). Licensed attorney in Zurich and New York, professor of private and commercial law at the University of Zurich, Switzerland. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Board of Directors and the "Supervisory and Nomination Committee" (VRA) of Schindler Holding AG, Hergiswil, Switzerland. Member of the Board of Directors of Venture Incubator AG, Zug, Switzerland; and Chairman of the Board of Trustees of the Kuoni and Hugentobler Foundation, Zurich, Switzerland. Member of the Board of Trustees of Stichting INPAR, Amsterdam, the Netherlands. Also Member of the Board of SwissHoldings (the Federation of Industrial and Service Groups in Switzerland). Member of the University Council of the University of Lucerne, Switzerland; of the Commission of Experts on Disclosure of the SIX Swiss Exchange; Chairman of the Advisory Committee of the "Program on Comparative Corporate Law, Governance, and Finance" at Harvard Law School, Boston, USA.

RUDOLF MARTY

Member of the Board of Directors of ALSO Holding AG since 1993 and Chairman of the Audit Committee. **CAREER MILESTONES** ► Chairman and majority shareholder of Advexo AG, Lucerne, Switzerland. Previously Managing Partner of itopia AG – corporate information technology, Zurich, Switzerland. Prior to this Professor for IT at University of Zurich, Switzerland, Head of the IT Research Laboratory as well as the Applications Development of Union Bank of Switzerland (UBS), Zurich, Switzerland. **EDUCATION** ► MBA and Doctorate in Information Technology, Zurich University, Switzerland. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Chairman of the Gebert Rüf Stiftung, Zurich and Basel, Switzerland.



GUSTAVO MÖLLER-HERGT

Member of the Board of Directors of ALSO Holding AG and Chairman since 2014. Chief Executive Officer of the ALSO Group and since 2011 a member of the Group Management. **CAREER MILESTONES BEFORE THE CURRENT POSITION** ► Chief Operating Officer of the ALSO Group; previously Chief Representative of the Droege Group. CEO and Chief Representative and before in various positions with the Warsteiner Group. Member of the Supervisory Board of SIAC in Douala, Cameroon. Chairman of the Supervisory Board of CASA Isenbeck in Buenos Aires, Argentina. **EDUCATION** ► Diploma in Engineering from the Technical University, Munich, Germany, and graduate of Harvard Business School, Boston, USA. Doctorate from the Technical University, Berlin, Germany, where he lectures on operations management. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Advisory Board of Deutsche Bank, Dusseldorf, Germany, and of the Board of Trustees of the Bamberg Symphony Orchestra, Bamberg, Germany.

FRANK TANSKI

Member of the Board of Directors of ALSO Holding AG since 2011. **CAREER MILESTONES** ► Managing Director of Droege Capital GmbH and of Special Distribution Holding GmbH, Dusseldorf, Germany. Previously he held a managerial position with a large bank in Germany. **EDUCATION** ► Diploma in Business Management.

3.4.2
COMMITTEES

The Board of Directors may delegate the preparation and execution of its decisions to committees or to its individual members. The Board of Directors has appointed three standing committees: the Board Committee (BC), the Audit Committee, and the Compensation and Nomination Committee.

For each of the committees, the Board of Directors elects a Chairman from the members of the Board of Directors. The period of office of all committee members is one year. The Board of Directors can dismiss any member of a committee at any time, except for the members of the Compensation and Nomination Committee, whose election and dismissal lie within the competence of the Annual General Meeting.

3.4.2.1
BOARD COMMITTEE (BC)

The Board of Directors appoints a standing BC from among its members. Normally, the BC consists of three members of the Board of Directors who have solid knowledge and extensive experience in the wholesale, financial, corporate governance, and risk control areas.

The BC assists and supports the Board of Directors in the management of the ALSO Group at senior level and in the supervision of the individuals entrusted with running these companies.

The BC reports to the Board of Directors. The Chairman of the BC informs the Board of Directors about the BC's work and decisions at each ordinary board meeting. Exceptional events of major significance are communicated immediately to all members of the Board of Directors.

The BC has among other things the following duties and responsibilities:

- Monitoring implementation of the Group strategy by Group Management
- Preparation and monitoring of Board of Directors decisions regarding investments, mergers and acquisitions, and other significant projects and transactions carried out by the ALSO Group
- Ensuring supervision of the individuals entrusted with the executive management where this function is not performed by the Audit Committee
- Assessments and proposals to the Board of Directors regarding potential capital increases or decreases and the issue of bonds by the company
- Assessments and proposals to the Board of Directors regarding notification of the legal authorities in the event of over-indebtedness
- Reaching decisions on the necessity and the scope of financial restructuring of ALSO companies
- Reaching decisions on significant increases or decreases in the share capital of ALSO companies
- Decisions regarding significant deviations from budget
- Decisions regarding measures involving all or a substantial number of employees of ALSO companies or concerning consultations with the works council of individual ALSO companies with regard to such measures

The BC is entitled to delegate certain responsibilities to one of its members, to Group Management, to employees of the ALSO Group who hold an important line and/or staff position, or to third parties.

COMPOSITION OF THE BOARD COMMITTEE

Walter P.J. Droege	Chairman
Frank Tanski	Member
Peter Athanas	Member

As of December 31, 2016

3.4.2.2
AUDIT COMMITTEE

The Board of Directors appoints an Audit Committee. The Audit Committee generally consists of three members who possess the necessary financial, legal, and technical expertise.

The Audit Committee reports to the Board of Directors. The Chairman of the Audit Committee informs the Board of Directors about the Audit Committee's work and decisions at each ordinary board meeting. The Head of Internal Audit and the Chief Compliance Officer have the right to inform the Chairman of the Audit Committee at any time about situations that are relevant to auditing or compliance. Exceptional events of major significance are communicated immediately to all members of the Board of Directors by memorandum.

The Audit Committee has the following specific responsibilities:

- Monitoring and evaluation of the suitability and effectiveness of internal financial controls; monitoring of adjustments following significant changes in the risk profile
- Evaluation of the audit strategy adopted by the statutory auditor and verification that shortcomings are corrected and recommendations are implemented
- Approval of the annual planning of Internal Audit and discussion of the ensuing reporting with the head of Internal Audit
- Evaluation of the performance and remuneration of statutory auditor and its independence
- Evaluation of the collaboration between statutory auditor and Internal Audit
- Evaluation of measures taken by Group Management to ensure appropriate risk management
- Evaluation of the measures taken to ensure adherence to legal requirements and internal regulations (compliance) as well as of the associated supervisory measures
- Analysis of financial reporting, evaluation of the accounting principles, and assessment of the most important items
- Discussion of the year-end closing and annual financial statements with the responsible bodies and submission of a recommendation to the Board of Directors

In the fulfillment of its tasks, the Audit Committee may delegate assignments to other parties, in particular to Group Management, Internal Audit, the Chief Compliance Officer, and the statutory auditor.

COMPOSITION OF THE AUDIT COMMITTEE

Rudolf Marty	Chairman
Frank Tanski	Member
Peter Athanas	Member

As of December 31, 2016

3.4.2.3 COMPENSATION AND NOMINATION COMMITTEE

The members of the Compensation and Nomination Committee are elected annually by the Annual General Meeting. The Board of Directors appoints the Chairman.

According to Art. 21 of the Articles of Association, the Compensation and Nomination Committee prepares all relevant decisions of the Board of Directors relating to the compensation of the members of the Board of Directors and Group Management, and submits proposals to the Board of Directors regarding the type and amount of the annual compensation of the members of the Board of Directors and Group Management, as well as their fringe benefits and the stipulations of their employment contracts. The Board of Directors has also delegated the following other duties to the Compensation and Nomination Committee:

- Preparation of decisions of the Board of Directors regarding nomination of the Vice Chairman of the Board of Directors and pre-selection of potential candidates for the Board of Directors
- Preparation of decisions of the Board of Directors regarding nomination, promotion, and dismissal of the members of Group Management and Country Managing Directors of the ALSO Group
- Preparation of decisions of the Board of Directors regarding the introduction and amendment of employee participation plans
- Review of the succession planning and leadership qualifications of the members of the Board of Directors and Group Management, the Country Managing Directors, and other individuals in the ALSO Group who exercise central line and/or staff functions

The Board of Directors may delegate further tasks concerning compensation, human resources, and related areas to the Compensation and Nomination Committee. The organization, working methods, and reporting of the Compensation and Nomination Committee are laid down in a set of regulations.

COMPOSITION OF THE COMPENSATION AND NOMINATION COMMITTEE

Peter Athanas	Chairman
Walter P.J. Droege	Member
Frank Tanski	Member

As of December 31, 2016

3.4.3
FREQUENCY OF MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors convenes for half-day or full-day ordinary meetings, as well as an annual joint strategy meeting with Group Management. The task at these meetings is to analyze the positioning of the ALSO Group in the light of current macro-economic and company-specific circumstances and to review, and if necessary to redefine, the strategic orientation.

The Board of Directors met for a total of six meetings, including one strategy meeting and two conference calls in 2016.

The BC meets as often as its business requires, normally every two months. Six meetings were held in the year under review, including two conference calls.

The Audit Committee meets for half-day or full-day meetings as often as its business requires. The Audit Committee held three meetings concerning the year under review.

The Compensation and Nomination Committee meets as often as its business requires. The Compensation and Nomination Committee held two conference calls relating to the year under review.

The agendas for the meetings are defined by their respective chairman. Minutes of the meetings and decisions are recorded. The CEO and CFO are usually present as guests at the meetings of the Board of Directors. Other members of Group Management or other individuals may attend meetings of the Board of Directors or its committees at the invitation of the respective chairman.

3.5
AREAS OF RESPONSIBILITY

According to the law, the Board of Directors is responsible for the ultimate management and supervision of the Group. It has the inalienable and non-transferable responsibilities in accordance with Art. 716a, Paragraph 1, of the Swiss Code of Obligations. It can also take decisions on all matters that are not allocated to the Annual General Meeting by law or by the Articles of Association.

In particular, the Board of Directors is required to approve, or make decisions, concerning:

- The Group's objectives and strategy
- The list of measures designed to prevent or mitigate potential loss or damage associated with the main risks
- Appointing the members of Group Management
- Defining the organization and appointing those persons entrusted with the task of representing ALSO Holding AG
- The proposals to the Annual General Meeting regarding the compensation of the Board of Directors and Group Management
- The drafting of the retirement benefit plan for the members of Group Management
- The Group's budget, plan, and forecast
- The consolidated annual and interim financial statements of the Group and the annual financial statements of ALSO Holding AG
- The Group's investment budget
- Transactions that exceed certain financial amounts
- Important mergers and acquisitions, joint ventures, and similar transactions
- The annual report and the compensation report

In addition, the Board of Directors has delegated operational management of the company to Group Management. Operational management comprises the obligation to implement all necessary measures, particularly with regard to personnel- and product-related issues, market orientation, monitoring the competition, and planning for the future.

Group Management is responsible for ensuring that the Group achieves the targets set by the Board of Directors. In addition to its overall responsibility for operational management, Group Management has the following main tasks in particular:

- The pursuit of strategic objectives and enforcement of these objectives using action plans
- Defining HR and compensation policy below Group Management level
- Defining the product mix as well as the marketing and sales policy
- Concluding and canceling agreements with manufacturers at Group level
- Defining sourcing policy
- Defining basic principles of transfer pricing
- Defining logistical concepts and structures
- Approving the budgets, financial results, and investments of the Group companies
- Defining the operational information and reporting systems
- Defining communication policy and outward appearance
- Regulating and performing risk management

The CEO manages the ALSO Group through the members of Group Management, who report to him. He chairs Group Management meetings and supervises the implementation of their decisions. He evaluates the performance and results of the Central Europe and Northern/Eastern Europe market segments.

Based on his evaluation, he decides which resources – particularly financial and personnel – should be allocated to the individual business segments. The CEO is responsible for ensuring that the company develops consistently, in accordance with its defined business practices and strategies. It is the duty of the other members of Group Management to ensure that these measures are implemented at national level or in the areas for which they are responsible.

3.6 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS GROUP MANAGEMENT

The Board of Directors supervises Group Management and uses reporting and controlling processes to monitor its operating methods. The ALSO Group has available a comprehensive electronic management information system (MIS). At each of its meetings, the Board of Directors is informed by the CEO, or by another member of Group Management, of the current business and significant events. At these meetings, members of the Board of Directors may ask other members of the Board of Directors or the CEO to provide information about the ALSO Group that they require in order to carry out their duties. All members of the Board of Directors are notified immediately of any exceptional occurrences.

The Internal Audit, compliance officers, and auditing bodies assist the Board of Directors in carrying out its controlling and supervisory duties. In addition, the BC and the Audit Committee monitor the performance of Group Management. The scope of this remit is agreed with the Board of Directors of ALSO Holding AG.

The BC, the Audit Committee, and the Compensation Committee periodically receive information in the form of Group reports relevant to their needs. These reports are also discussed in depth at regular meetings that take place with the committees involved. The Board of Directors defines and evaluates the Group's most significant risks on the basis of a coordinated and consistent approach to risk management and control. Based on a list of the most important risks, Group Management establishes a list of measures to prevent and mitigate potential loss and damage. The list is presented for assessment and approval to the Board of Directors, which then ensures that the measures are put into practice.

In addition, the Board of Directors is supported by the ALSO Group Internal Audit. The Internal Audit has an unrestricted right to demand information and examine the records of all Group companies and departments. In addition, after consultation with the Audit Committee, Group Management may ask the Internal Audit to carry out special investigations above and beyond its usual remit. The Head of the Internal Audit submits a report to the Audit Committee at half-yearly intervals.

3.7 MEASURES IN ACCORDANCE WITH THE SWISS CODE OF BEST PRACTICE FOR CORPORATE GOVERNANCE

At ALSO, the positions of Chairman of the Board of Directors and CEO are held conjointly. The balance of influence between the Board of Directors and Group Management is safeguarded by three committees that have been established, of which the Chairman of the Board of Directors is not a member, and a clear majority situation. The Lead Director concept was also introduced in the year under review as part of an amendment of the Organizational Regulations. In particular, the Lead Director is responsible for heading the Board of Directors – possibly only for single items of the agenda – in the event that the Chairman experiences a conflict of interests. He can convene meetings independently. The Vice Chairman of the Board of Directors, Walter P.J. Droege, serves as the Lead Director.

Currently all members of the Board of Directors are men. Should vacancies occur, the Board of Directors will consider filling them with female members.

The Board of Directors conducts regularly a self-evaluation of its working methods and efficiency.

4.
GROUP MANAGEMENT

4.1
MEMBERS OF GROUP MANAGEMENT, ACTIVITIES, AND VESTED INTERESTS

The members of the Group Management of ALSO Holding AG are as follows:

MEMBERS OF GROUP MANAGEMENT

Name	Nationality	Position
Gustavo Möller-Hergt	DE	Chief Executive Officer (CEO)
Ralf Retzko	DE	Chief Financial Officer (CFO)
Ole Eklund	DK	Corporate Vice President Northern/ Eastern Europe
Stefan Klinglmair	AT	Corporate Vice President Central Europe

As of December 31, 2016

4.2
NUMBER OF PERMISSIBLE ACTIVITIES

According to Art. 24 of the Articles of Association, a member of Group Management may exercise a maximum of ten additional activities as a member of the highest management or directorial body of other legal entities that are entered in the Commercial Register according to Art. 12 of VegüV, or would be required to be so entered, and are not controlled by the company. The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the company. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

4.3
MANAGEMENT AGREEMENTS

ALSO Holding AG has not entered into any management contracts with persons outside the Group for the delegation of executive management. According to Art. 6 of VegüV, delegation of the executive management to legal entities is not permitted.

5.
COMPENSATION, SHAREHOLDINGS, AND LOANS

For information on the compensation and shareholdings of members of the Board of Directors and Group Management, and loans to the same, please see the Compensation Report from ► page 69.

6. SHAREHOLDERS' RIGHTS OF PARTICIPATION

6.1 RESTRICTIONS ON VOTING RIGHTS AND REPRESENTATION

Each share that is entered in the share register entitles the shareholder to one vote.

The rights of shareholders to participate in Annual General Meetings comply with legal requirements and the Articles of Association. Every shareholder may personally participate in the Annual General Meeting and cast his/her vote(s), or be represented by a proxy appointed in writing, which proxy need not be a shareholder, or be represented by the Independent Proxy (Art. 12 of the Articles of Association). Shareholders may issue their power of attorney and instructions to the Independent Proxy by post or electronically. The Independent Proxy is obliged to exercise the voting rights that are delegated to him by shareholders according to their instructions. Should he have received no instructions, he shall abstain from voting (Art. 12 of the Articles of Association).

On an annual basis, the Annual General Meeting elects the Independent Proxy with the right of substitution. His term of office terminates at the conclusion of the next Annual General Meeting. Re-election is possible. Should the company have no Independent Proxy, the Board of Directors shall appoint an Independent Proxy for the next Annual General Meeting (Art. 12 of the Articles of Association).

6.2 STATUTORY QUORUM REQUIREMENTS

Unless a qualified majority is stipulated by law, the Annual General Meeting makes its decisions on the basis of the relative majority of valid votes cast, regardless of the number of shareholders present or shares represented. Abstentions and blank votes do not count as votes. In the case of elections, the first round of voting is decided by the absolute majority and the second round by the relative majority. The Chairman has the casting vote in the event of a tie (Art. 14 of the Articles of Association).

6.3 CONVENING THE ANNUAL GENERAL MEETING

Annual General Meetings are convened by the Board of Directors or, if necessary, by the auditors or other bodies in accordance with Art. 699 and Art. 700 of the Swiss Code of Obligations (Art. 11 of the Articles of Association). Shareholders who collectively represent at least 10 percent of the share capital may convene an Annual General Meeting. When doing so, they must indicate the matters to be discussed and the corresponding proposals.

Annual General Meetings are convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the Meeting. The shareholders may also be informed in writing (by unregistered letter) or by electronic means.

6.4 DEFINITION OF THE AGENDA

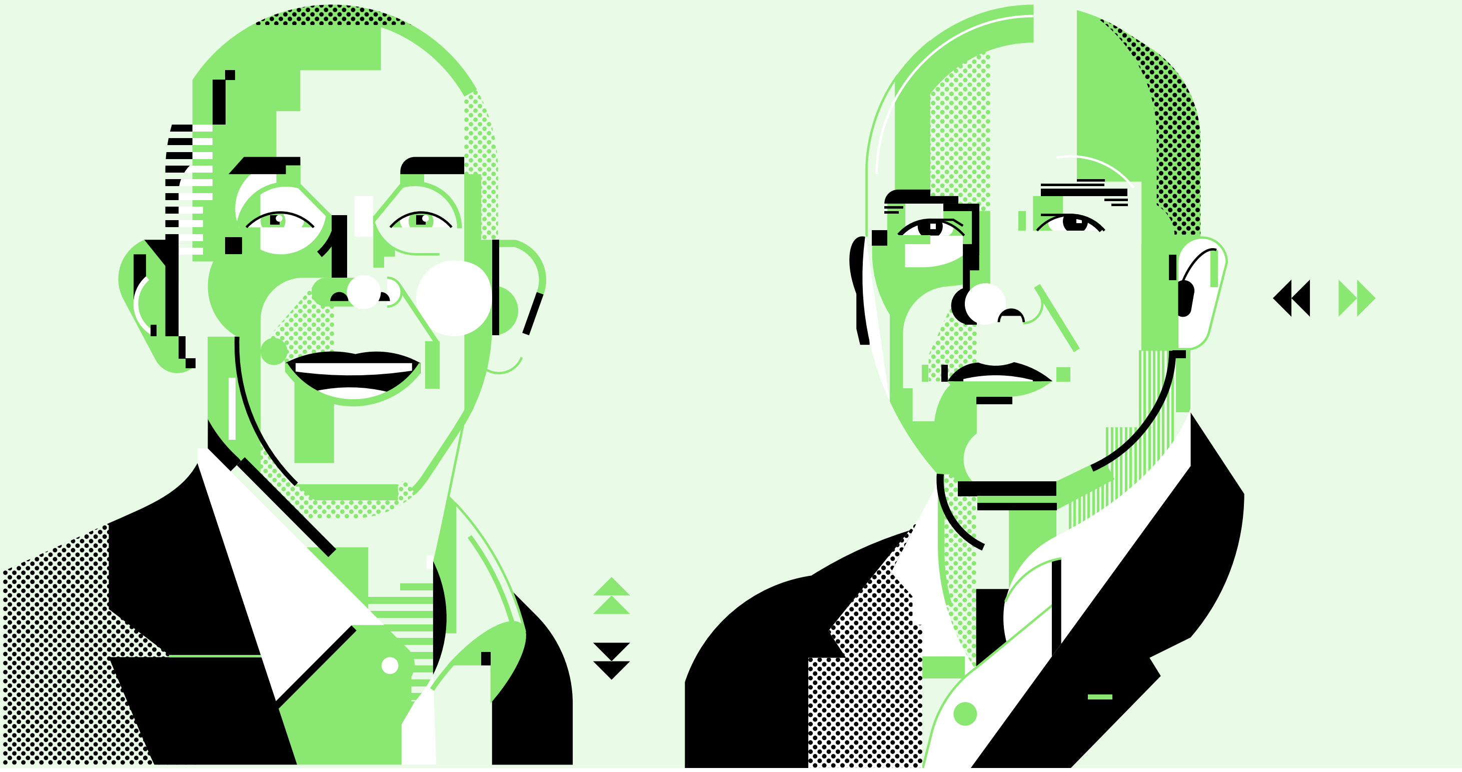
The Board of Directors is responsible for specifying the agenda. In accordance with Art. 11 of the Articles of Association, shareholders who together own at least five percent of the share capital may request that specific proposals be put on the agenda. The request, including the agenda item and the proposals, must be submitted in writing at least 60 days prior to the date of the Annual General Meeting.

6.5 REGISTRATION IN THE SHARE REGISTER

Only shareholders who are registered in the share register as shareholders with voting rights at the closing date are entitled to attend an Annual General Meeting and to exercise their voting rights. The Board of Directors ensures that the closing date is set as close as possible to the date of the Annual General Meeting, i.e. not more than five to ten days prior to it. The closing date is published together with the invitation to the Annual General Meeting in the Swiss Official Gazette of Commerce. There are no exceptions to the rule regarding the closing date.

MEMBERS OF GROUP MANAGEMENT

ACTIVITIES AND VESTED INTERESTS

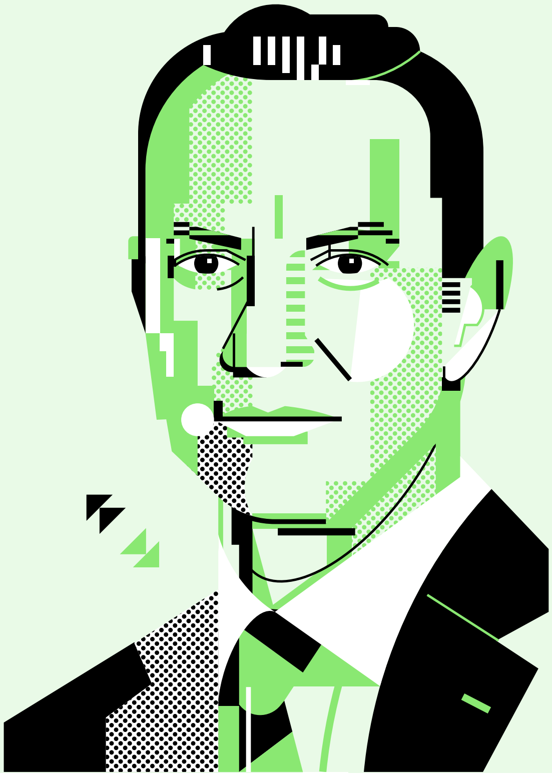


OLE EKLUND

Member of the Group Management of the ALSO Group and responsible as Corporate Vice President for Northern/Eastern Europe since July 2015. **CAREER MILESTONES** ► Sales Director for Scandinavia with ALSO A/S Taastrup, Denmark, previously as Managing Director with various IT companies in Denmark, including Ingram Micro A/S, Magirus Nordic A/S and Avnet Technology Solutions. **EDUCATION** ► Graduate Diploma in Business Administration and Marketing, Copenhagen Business School, Denmark, and Bachelor in Education, University College KDAS, Skovlunde, Denmark. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Chairman of the Board of Directors of Prolog Development Center A/S, Copenhagen, Denmark, and Member of the Board of the Danish IT Industry Association, Copenhagen, Denmark.

STEFAN KLINGLMAIR

Member of the Group Management of the ALSO Group and responsible as Corporate Vice President for Central Europe since July 2015. **CAREER MILESTONES** ► Managing Director ALSO Deutschland GmbH, Soest, Germany. Previously Vice President Volume Consumer Distribution, Head of Commercial Distribution, Deputy Head of Finance and finally as Head of Controlling. At Stadlbauer Marketing + Vertrieb GmbH, Salzburg, Austria, in various positions, initially as Key Account Manager, afterwards as Head of Central Order Processing and finally as Head of Controlling. **EDUCATION** ► Graduated at the Bundeshandelsakademie, Salzburg, Austria.



GUSTAVO MÖLLER-HERGT

Member of the Board of Directors of ALSO Holding AG and Chairman since 2014. Chief Executive Officer of the ALSO Group and since 2011 a member of the Group Management. **CAREER MILESTONES** ► Chief Operating Officer of the ALSO Group; previously Chief Representative of the Droege Group. CEO and Chief Representative and before in various positions with the Warsteiner Group. Member of the Supervisory Board of SIAC in Douala, Cameroon. Chairman of the Supervisory Board of CASA Isenbeck in Buenos Aires, Argentina. **EDUCATION** ► Diploma in Engineering from the Technical University, Munich, Germany, and graduate of Harvard Business School, Boston, USA. Doctorate from the Technical University, Berlin, Germany, where he lectures on operations management. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Advisory Board of Deutsche Bank, Dusseldorf, Germany, and of the Board of Trustees of the Bamberg Symphony Orchestra, Bamberg, Germany.

RALF RETZKO

Chief Financial Officer of the ALSO Group and since 2011 a member of the Group Management. **CAREER MILESTONES** ► Head of Controlling, Commercial Manager and Chief Financial Officer of the Actebis Group. Previously Central Controlling of Karstadt AG, Essen, Germany, and, following his studies, Scientific Assistant at the Institute of Business Information Technology, Göttingen University, Germany. **EDUCATION** ► Studied business management, mathematics, and information technology for business in Göttingen, Germany. Subsequently took a doctorate in business management.

7. CHANGE OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

According to Art. 33 of the Articles of Association, the obligation to submit a public take-over offer pursuant to Art. 125 paragraph 3 and paragraph 4 FMIA (formerly Art. 32 and Art. 52 of the Swiss Stock Exchanges and Securities Trading Act "SESTA") has been waived ("opting out").

7.2 CHANGE OF OWNERSHIP CLAUSES

There are no change-of-control provisions in favor of any member of the Board of Directors and/or Group Management and/or other management personnel.

8. AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE AUDITOR IN CHARGE

The auditors are elected annually at the Annual General Meeting for one year. PricewaterhouseCoopers AG (PwC) have been the statutory auditors of ALSO Holding AG since 2013. The auditor in charge has been responsible for auditing the individual financial statements of ALSO Holding AG as well as the consolidated financial statements of the ALSO Group since fiscal year 2013. The auditor in charge is changed every seven years at the latest as required by law.

The main Group companies are audited by PwC.

8.2 FEES

The fees charged by PwC as the auditors of ALSO Holding AG and of the Group companies audited by them, and their fees for additional services, are as follows:

FEES

CHF 1 000	2016	2015
Audit	806	735
Audit related services	81	108
Tax and other services	366	125
TOTAL	**1 253**	**968**

8.3
INFORMATIONAL INSTRUMENTS PERTAINING TO AN AUDIT

Prior to the audit, the auditors agree the content of the audit with the Audit Committee of ALSO Holding AG. Special assignments from the Board of Directors are also included in the scope of the audit. The findings of the audit are set out in a comprehensive report which is submitted to the Board of Directors.

Each year, the Audit Committee evaluates the performance, fees, and independence of the auditors, and the audit strategy. The Board of Directors discusses and reviews the scope of the audits and the resulting reports. On this basis, it decides on any changes or improvements to be made. There is regular contact between the auditors and the members of the Board of Directors, Group Management, and the Audit Committee of ALSO Holding AG. There was one meeting between the full Board of Directors and the auditors regarding the financial statements for the fiscal year 2016.

Additional service or consulting assignments are delegated to the auditors only if they are permitted by the auditors' code of independence.

9.
INFORMATION POLICY

Detailed financial statements are published in the form of the half-year and annual reports. The published accounts comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange, and the International Financial Reporting Standards (IFRS).

The ALSO Group also presents its financial statements at its annual results media conference and its Annual General Meeting.

The ALSO Group reports in accordance with the disclosure requirements of Art.124 FMIA and the ad-hoc publication requirements of Art. 53 of the listing rules of SIX Swiss Exchange. Ad-hoc announcements may be viewed at ► www.also.com/goto/mediareleases at the same time as notification to SIX Swiss Exchange and for two years thereafter.

FINANCIAL CALENDAR

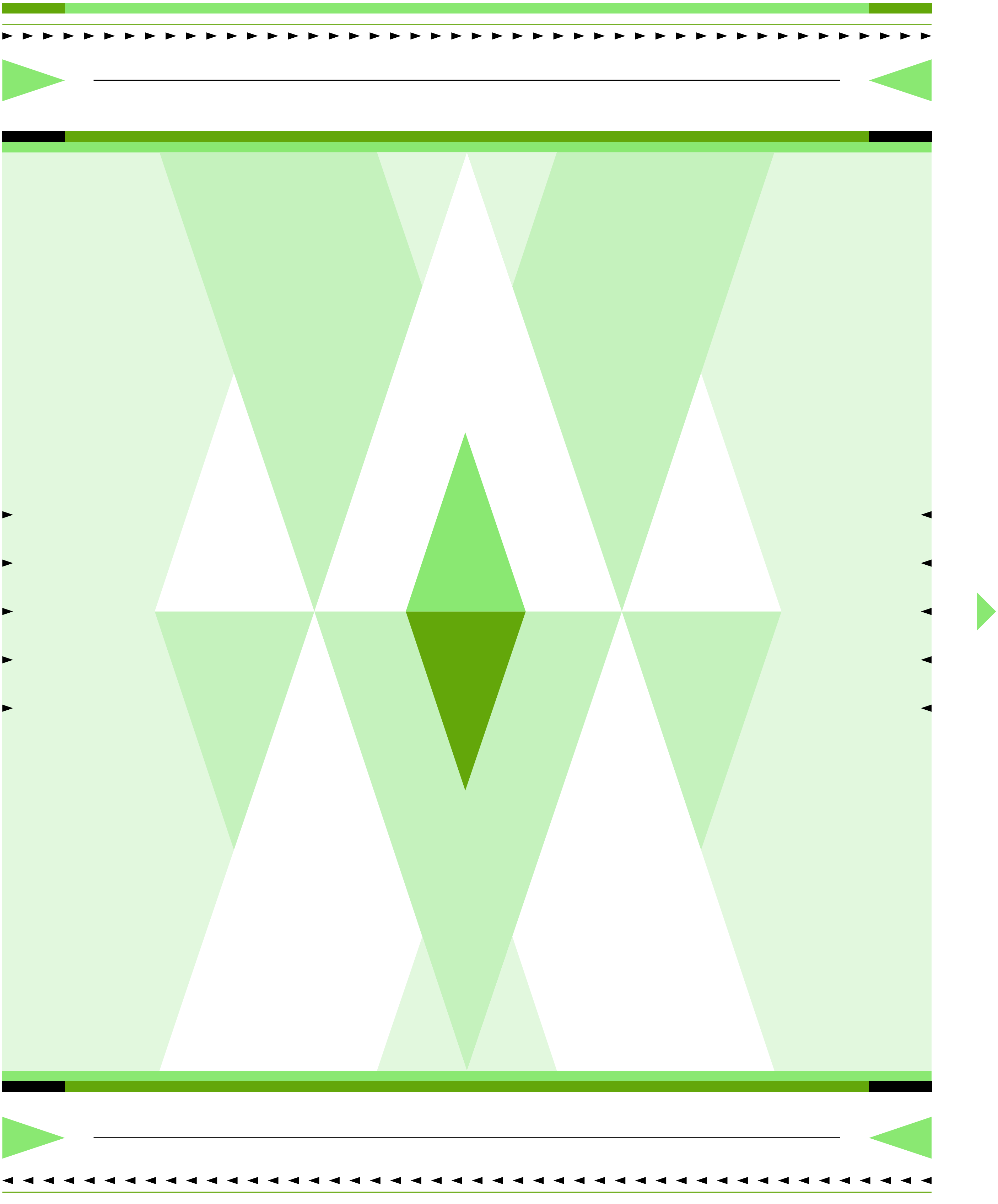
Annual General Meeting	March 21, 2017
Publication half-year report	July 27, 2017
Annual Results Media Conference	February 27, 2018

At ► www.also.com/goto/subscribe, interested parties can register for the free ALSO Holding AG e-mail distribution list in order to receive direct, up-to-date information that may be relevant to the share price. In addition, media releases, presentations, and brochures are published as necessary. These documents are available to all, both electronically at ► www.also.com and in printed form.

10.
IMPORTANT CHANGES OCCURRING AFTER THE BALANCE SHEET DATE

No material changes have occurred since the end of the reporting period.

3
COMPENSATION REPORT



COMPENSATION REPORT

This Compensation Report contains information on the compensation of the members of the Board of Directors and Group Management. The report was prepared in accordance with the provisions of the Ordinance Against Excessive Compensation in Listed Companies (VegüV). It satisfies the requirements of SIX Swiss Exchange for information on corporate governance and the standards stipulated in the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse.

This Compensation Report will be presented to the next Annual General Meeting of ALSO Holding AG, which will be held on March 21, 2017, for a consultative vote (see also Art. 26, Paragraph 6, of the Articles of Association).

1. PRINCIPLES

The success of the ALSO Group depends largely on the qualifications and commitment of its employees. The purpose of the Group's compensation policy is to attract, motivate, and retain qualified personnel. It is also intended to bring management interests in line with those of ALSO and its shareholders.

The compensation system is designed so that the compensation is performance-based and market-driven, and so that entrepreneurial thinking and action are encouraged. Compensation decisions should be fair, transparent and therefore understandable for the persons concerned.

2. CHANGES IN THE REPORTING YEAR

In the reporting year the Board of Directors concluded an expansion of the long-term incentive described in more detail in section 3.2.

Ernest-W. Droege was elected to the Board of Directors of ALSO Holding AG by the Annual General Meeting on March 17, 2016. Olaf Berlien did not stand for re-election and resigned from the Board of Directors on the date of the Annual General Meeting.

3. COMPENSATION SYSTEM

3.1 BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed fee for their activities and no performance-related payment.

The chairmen and members of committees of the Board of Directors receive an additional fixed fee for these functions.

3.2 GROUP MANAGEMENT

The members of Group Management receive compensation consisting of fixed and performance-related (variable) components.

The fixed components consist of a monthly salary and, from caseby- case, a flat-rate vehicle allowance, a company car, or flat-rate representation expenses. Certain fringe benefits may also be paid.

The variable compensation depends on the business success and is paid in the form of a cash bonus. Variable compensation includes a short-term and a long-term component and breaks down as follows:

- **Short-term, variable compensation:** For the CEO and CFO, it depends entirely on the combined target values of EBT and EBITDA that are defined by the Board of Directors. If the targets are attained, the bonus is calculated according to a progressively increasing percentage of the attained EBT, which is defined in advance by the Board of Directors.

  For the other members of Group Management, the bonus is calculated as a fixed percentage of the attained EBT, which is defined in advance by the Board of Directors.

- **Long-term, variable compensation:** A long-term incentive applies to members of Group Management whose contribution has a material influence on the long-term development of the Group. The long-term incentive was agreed with the members of Group Management at the time in 2011 and was expanded to include the new members of Group Management in 2016. It is designed so that a one-time special premium is paid if long-term financial targets that are defined by the Board of Directors are attained in two successive years. The payment is only made on condition that the recipient is actually employed by the ALSO Group on the date when the payment is made.

In the case of exceptional non-recurring events (e.g. acquisitions) that are not the responsibility of Group Management, the Board of Directors may, at its own discretion, adjust the parameters on which the calculation of variable compensation is based.

For exceptional performance, in addition to the target bonus, the Board of Directors may, at its own discretion, award a special bonus, which is reported under "Cash bonus (gross)".

3.3 CAPITAL PARTICIPATION PLAN

In accordance with Art. 25 of the Articles of Association, no participations, conversion rights or options are granted to members of the Board of Directors or Group Management.

4. RESPONSIBILITIES AND PROCEDURES FOR APPROVING AND SETTING COMPENSATION

Responsibilities for compensation-related decisions are governed by the Articles of Association, the Organizational Regulations and the Regulations of the Compensation and Nomination Committee of ALSO Holding AG.

4.1 COMPENSATION AND NOMINATION COMMITTEE

According to Art. 21 of the Articles of Association, the Compensation and Nomination Committee prepares all relevant decisions of the Board of Directors relating to the compensation of the members of the Board of Directors and Group Management, and submits proposals to the Board of Directors regarding the type and amount of the annual compensation of the members of the Board of Directors and Group Management, as well as their fringe benefits and the stipulations of their employment contracts.

The Compensation and Nomination Committee can also make proposals to the Board of Directors for amendments to the compensation system.

4.2 BOARD OF DIRECTORS

Under and subject to the approval of the Annual General Meeting, the determination of the definitive compensation is at the discretion of the Board of Directors. As a rule, the effective bonus is determined at the proposal of the Compensation and Nomination Committee in the first quarter of the following year.

4.3 GENERAL MEETING

In accordance with Art. 26, Paragraph 1 and 2, of the Articles of Association, the Annual General Meeting each year approves the following compensation amounts for the respective ongoing fiscal year with binding effect:

- Maximum amount for fixed compensation for members of the Board of Directors
- Maximum amount for fixed compensation for members of the Group Management
- Maximum amount for variable compensation for members of the Group Management

The Annual General Meeting can subsequently increase the compensation already approved at any time.

If the Annual General Meeting refuses its approval, the Board of Directors can submit new proposals at the same general meeting or a new general meeting yet to be convened.

In accordance with Art. 26, Paragraph 4, of the Articles of Association, the additional amount for the hiring of new members of Group Management after approval by the Annual General Meeting is 30 percent of the total compensation approved for the respective period per new member. Approval of this additional compensation by the Annual General Meeting is not required.

5. COMPENSATION FOR THE REPORTING YEAR

5.1 GENERAL

The disclosed compensation of the members of the Board of Directors and Group Management includes all compensation paid for the entire reporting year, subject to the following amplifications and restrictions:

- The disclosed variable compensation elements comprise the accrued variable compensation elements attributable to the completed fiscal year.
- The compensation paid to new members of the Board of Directors and Group Management is reckoned from the date on which they take over the respective function.
- If a member resigns from the Board of Directors or Group Management, the compensation up to the resignation date, plus any compensation in the reporting year in connection with these activities, are reported together.
- In individual cases, members of Group Management may be entitled to a company car. Such benefits are reported under "Non-cash benefits".
- Members of Group Management may receive certain fringe benefits in the form of discounts. Provided that such benefits do not exceed the value of CHF 500 per case, and the total of such benefits does not exceed an aggregate value of CHF 20 000 per fiscal year, they are not reported.
- Any contributions to post-employment benefit plans, executive insurance plans, or private insurances are reported as "Pension expenses".
- The compensation of the members of Group Management was in some cases borne directly by ALSO Holding AG and in other cases indirectly by subsidiaries through intercompany charging.

5.2 AGGREGATE COMPENSATION – BOARD OF DIRECTORS

At the Annual General Meeting on March 17, 2016, shareholders approved maximum fixed total compensation of CHF 0.7 million for fiscal year 2016.

The members of the Board of Directors do not receive any variable compensation for their activities.

CHF 1 000	Fixed, cash (gross)	Pension expenses	**Total 2016**
Gustavo Möller-Hergt, Chairman/executive member	–	–	**–**
Walter P.J. Droege, Vice Chairman 1), 3), 4)	140	–	**140**
Karl Hofstetter	80	5	**85**
Rudolf Marty 2), 5)	90	4	**94**
Frank Tanski 1), 2), 3)	95	–	**95**
Peter Athanas 1), 2), 3), 6)	100	6	**106**
Ernest-W. Droege 7)	60	–	**60**
Olaf Berlien 8)	20	–	**20**
TOTAL COMPENSATION	**585**	**15**	**600**
Approved at the Annual General Meeting			**700**

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. For his compensation, please refer to the section on compensation of the members of Group Management. All other members of the Board of Directors are non-executive members.
1) Member of the Board Committee
2) Member of the Audit Committee
3) Member of the Compensation and Nomination Committee
4) Including compensation as Chairman of the Board Committee
5) Including compensation as Chairman of the Audit Committee
6) Including compensation as Chairman of the Compensation and Nomination Committee
7) Ernest-W. Droege was elected to the Board of Directors at the Annual General Meeting held on March 17, 2016. Compensation from the 2016 Annual General Meeting
8) Olaf Berlien resigned on the date of the Annual General Meeting (March 17, 2016). Compensation until the 2016 Annual General Meeting

5.3
AGGREGATE COMPENSATION – GROUP MANAGEMENT

At the Annual General Meeting on March 17, 2016, shareholders approved maximum fixed total compensation of EUR 1.5 million (CHF 1.6 million) and maximum variable total compensation of EUR 3.3 million (CHF 3.6 million) for fiscal year 2016.

In the reporting period, cash bonus for Gustavo Möller-Hergt was 74 percent (previous year: 72 percent) of his total compensation. For the members of Group Management, the average cash bonus was 65 percent (previous year: 64 percent).

	Fixed compensation			Variable compensation			
CHF 1 000	Cash (gross)	Non-cash benefits/ miscellaneous	Fixed total compensation	Cash bonus (gross)	Pension expenses	Variable total compensation	**Total 2016**
Group Management							
TOTAL	1 104	57	1 161	2 715	314	3 029	**4 190**
Approved at the Annual General Meeting			1 635			3 598	**5 233**
Highest individual compensation							
Gustavo Möller-Hergt	338	16	354	1 510	171	1 681	**2 035**

Translated into CHF using average exchange rates 2016

6. COMPENSATION FOR THE PRIOR YEAR

6.1 GENERAL

The disclosed compensation of the members of the Board of Directors and Group Management includes all compensation paid for the entire fiscal year of 2015. The additions and restrictions in 5.1 also apply to compensation for the previous year.

6.2 AGGREGATE COMPENSATION – BOARD OF DIRECTORS

At the Annual General Meeting on March 12, 2015, shareholders approved maximum fixed total compensation of CHF 0.7 million for fiscal year 2015.

The members of the Board of Directors did not receive any variable compensation for their activities.

CHF 1 000	Fixed, cash (gross)	Pension expenses	Total 2015
Gustavo Möller-Hergt, Chairman/executive member	–	–	**–**
Walter P.J. Droege, Vice Chairman 1), 3), 4)	140	–	**140**
Karl Hofstetter	80	5	**85**
Rudolf Marty 2), 5)	90	4	**94**
Frank Tanski 1), 2), 3)	95	–	**95**
Peter Athanas 1), 2), 3), 6)	100	6	**106**
Olaf Berlien	80	–	**80**
TOTAL COMPENSATION	**585**	**15**	**600**
Approved at the Annual General Meeting			**700**

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. For his compensation, please refer to the section on compensation of the members of Group Management. All other members of the Board of Directors are non-executive members.
1) Member of the Board Committee
2) Member of the Audit Committee
3) Member of the Compensation and Nomination Committee
4) Including compensation as Chairman of the Board Committee
5) Including compensation as Chairman of the Audit Committee
6) Including compensation as Chairman of the Compensation and Nomination Committee

6.3
AGGREGATE COMPENSATION – GROUP MANAGEMENT

At the Annual General Meeting on March 12, 2015, shareholders approved maximum fixed total compensation of EUR 1.2 million (CHF 1.3 million) and maximum variable total compensation of EUR 3.0 million (CHF 3.2 Million) for fiscal year 2015.

	Fixed compensation			Variable compensation			
CHF 1 000	Cash (gross)	Non-cash benefits/ miscellaneous	Fixed total compensation	Cash bonus (gross)	Pension expenses	Variable total compensation	**Total 2015**
Group Management [1]							
TOTAL	1 063	46	1 109	2 484	294	2 778	**3 887**
Approved at the Annual General Meeting			1 281			3 204	**4 485**
Highest individual compensation							
Gustavo Möller-Hergt	331	16	347	1 295	167	1 462	**1 809**

Translated into CHF using average exchange rates 2015
1) Including settlement of all contractual and legal entitlements of two departed members of Group Management

7. COMPENSATION PAID TO FORMER MEMBERS OF GOVERNING BODIES

In the reporting year, no compensation was paid to former members of the Board of Directors. An agreed benefit payment of CHF 80 160 was made to one former member of Group Management.

A benefit payment of CHF 78 215 was made to a former member of Group Management in the previous year.

8. COMPENSATION PAID TO RELATED PARTIES

Neither in the reporting year, nor in the prior year, was any compensation paid by ALSO Holding AG, or any other Group company, to any related parties of present or former members of the governing bodies.

9. LOANS AND BORROWING FACILITIES

9.1
CURRENT AND FORMER MEMBERS OF THE GOVERNING BODIES

In accordance with Art. 25 of the Articles of Association, the company does not grant loans or credits to members of the Board of Directors or Group Management. Neither in the reporting year, nor in the prior year, were any loans or credits granted by ALSO Holding AG, or any other Group company, to any present or former members of the governing bodies, nor were any such loans or credits outstanding at December 31, 2016.

9.2
RELATED PARTIES

Neither in the reporting year, nor in the prior year, were any loans or credits granted by ALSO Holding AG, or any other Group company, to any related parties of present or former members of the governing bodies, nor were any such loans or credits outstanding at December 31, 2016.

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

We have audited the compensation report of ALSO Holding AG ► paragraphs 5. to 9. on pages 71 to 74 for the year ended December 31, 2016.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

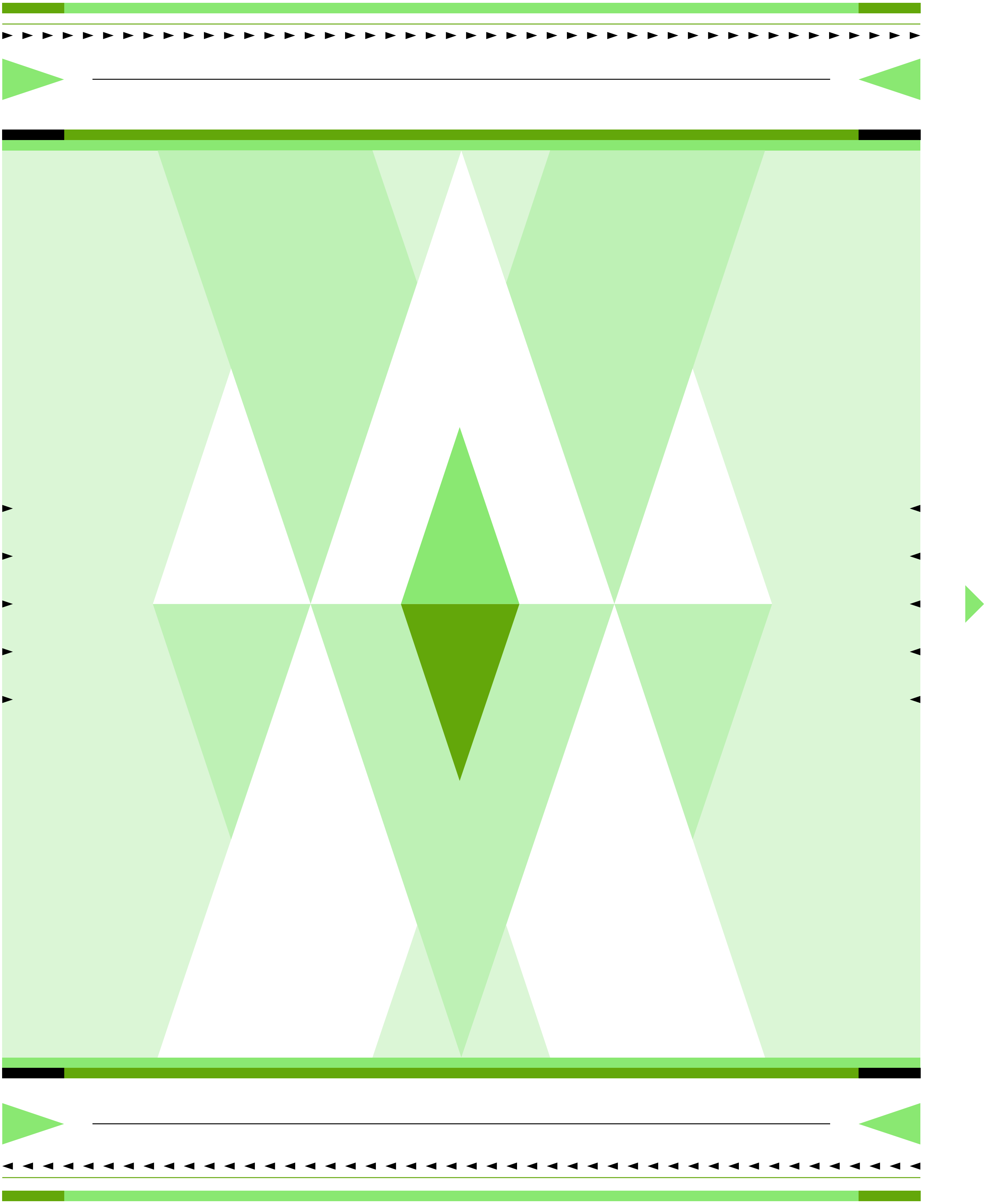
In our opinion, the compensation report of ALSO Holding AG for the year ended December 31, 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Bruno Häfliger	**Roger Leu**
Audit expert	*Audit expert*
Auditor in charge	

Lucerne, February 8, 2017

4
FINANCIAL REPORT



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	Note	2016		2015	
TOTAL NET SALES	4.1	**7 984 149**	100.0 %	**7 792 083**	100.0 %
Cost of goods sold and services provided		–7 478 161		–7 284 629	
GROSS PROFIT		**505 988**	6.3 %	**507 454**	6.5 %
Personnel expenses	4.2	–209 433		–212 227	
Other operating expenses	4.4	–173 048		–174 420	
Other operating income	4.4	22 500		19 190	
EBITDA		**146 007**	1.8 %	**139 997**	1.8 %
Depreciation and amortization	5.5 / 5.6	–17 516		–30 083	
OPERATING PROFIT (EBIT)		**128 491**	1.6 %	**109 914**	1.4 %
Financial income	4.5	2 553		1 836	
Financial expenses	4.5	–17 597		–21 509	
Share of income of associates	5.14	445		522	
PROFIT BEFORE TAX (EBT)		**113 892**	1.4 %	**90 763**	1.2 %
Income taxes	4.6	–30 705		–27 900	
NET PROFIT GROUP		**83 187**	1.0 %	**62 863**	0.8 %
Items that will not be subsequently reclassified to profit or loss					
Remeasurement of defined benefit plans		6 060		–4 401	
Tax effects	4.6	–733		575	
SUBTOTAL		**5 327**		**–3 826**	
Items that may be subsequently reclassified to profit or loss					
Exchange differences		1 936		1 508	
Fair value adjustments on cash flow hedges		1 254		438	
Tax effects	4.6	–148		342	
SUBTOTAL		**3 042**		**2 288**	
OTHER COMPREHENSIVE INCOME		**8 369**		**–1 538**	
TOTAL COMPREHENSIVE INCOME		**91 556**		**61 325**	
Net profit Group attributable to:					
Shareholders of ALSO Holding AG		83 382		63 143	
Non-controlling interests		–195		–280	
Total comprehensive income attributable to:					
Shareholders of ALSO Holding AG		91 751		61 605	
Non-controlling interests		–195		–280	
EARNINGS PER SHARE IN EUR*					
Basic earnings per share	5.13	6.50		4.93	
Diluted earnings per share	5.13	6.50		4.92	

* Attributable to the shareholders of ALSO Holding AG

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR 1 000	Note	12.31.2016		12.31.2015	
CURRENT ASSETS					
Cash and cash equivalents	5.1	55 477		40 000	
Trade receivables	5.2	583 508		543 207	
Inventories	5.3	738 273		714 378	
Prepaid expenses, accrued income and other receivables	5.4	257 818		205 534	
Derivative financial instruments	6.2	101		1 646	
TOTAL CURRENT ASSETS		**1 635 177**	86 %	**1 504 765**	86 %
NON-CURRENT ASSETS					
Property, plant and equipment	5.5	85 879		89 115	
Intangible assets	5.6	164 644		156 251	
Financial assets		1 413		196	
Investments in associates	5.14	0		1 291	
Deferred tax assets	4.6	7 990		8 139	
TOTAL NON-CURRENT ASSETS		**259 926**	14 %	**254 992**	14 %
TOTAL ASSETS		**1 895 103**	100 %	**1 759 757**	100 %

The accompanying notes form an integral part of the consolidated financial statements.

LIABILITIES AND EQUITY

EUR 1 000	Note	12.31.2016		12.31.2015	
CURRENT LIABILITIES					
Financial liabilities	5.8	28 786		67 063	
Trade payables		862 688		765 896	
Accrued expenses, deferred income and other payables	5.9	195 981		184 072	
Derivative financial instruments	6.2	1 170		429	
Tax liabilities		7 274		6 314	
Provisions	5.10	4 459		7 475	
TOTAL CURRENT LIABILITIES		**1 100 358**	58 %	**1 031 249**	59 %
NON-CURRENT LIABILITIES					
Financial liabilities	5.8	192 631		189 229	
Provisions	5.10	4 241		4 182	
Derivative financial instruments	6.2	4 603		9 630	
Deferred tax liabilities	4.6	6 556		6 305	
Employee benefits	4.3	21 533		26 348	
TOTAL NON-CURRENT LIABILITIES		**229 564**	12 %	**235 694**	13 %
TOTAL LIABILITIES		**1 329 922**	70 %	**1 266 943**	72 %
EQUITY					
Share capital		9 960		9 960	
Capital reserves		161 896		184 231	
Treasury shares	5.11	–1 194		–1 194	
Cash flow hedge reserve		–3 777		–4 884	
Exchange differences		4 806		2 871	
Remeasurement of defined benefit plans		–9 886		–15 213	
Retained earnings		403 234		317 482	
EQUITY ATTRIBUTABLE TO ALSO SHAREHOLDERS		**565 039**	30 %	**493 253**	28 %
Non-controlling interests		142		–439	
TOTAL EQUITY		**565 181**	30 %	**492 814**	28 %
TOTAL LIABILITIES AND EQUITY		**1 895 103**	100 %	**1 759 757**	100 %

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Note	Share capital	Capital reserves	Treasury shares	Other reserves*	Retained earnings	Equity attributable to share-holders	Non-controlling interests	Total
JANUARY 1, 2016		**9 960**	**184 231**	**–1 194**	**–17 226**	**317 482**	**493 253**	**–439**	**492 814**
Net profit Group		0	0	0	0	83 382	83 382	–195	83 187
Other comprehensive income		0	0	0	8 369	0	8 369	0	8 369
TOTAL COMPREHENSIVE INCOME		**0**	**0**	**0**	**8 369**	**83 382**	**91 751**	**–195**	**91 556**
Distributions to shareholders	5.13	0	–22 335	0	0	0	–22 335	–22	–22 357
Acquisition of non-controlling interests	3	0	0	0	0	–622	–622	622	0
Remeasurement of put options on shares of non-controlling interests	2.7	0	0	0	0	2 992	2 992	176	3 168
DECEMBER 31, 2016		**9 960**	**161 896**	**–1 194**	**–8 857**	**403 234**	**565 039**	**142**	**565 181**
JANUARY 1, 2015		**9 960**	**203 525**	**–1 194**	**–15 688**	**257 762**	**454 365**	**–414**	**453 951**
Net profit Group		0	0	0	0	63 143	63 143	–280	62 863
Other comprehensive income		0	0	0	–1 538	0	–1 538	0	–1 538
TOTAL COMPREHENSIVE INCOME		**0**	**0**	**0**	**–1 538**	**63 143**	**61 605**	**–280**	**61 325**
Distributions to shareholders	5.13	0	–19 294	0	0	0	–19 294	0	–19 294
Remeasurement of put options on shares of non-controlling interests	2.7	0	0	0	0	–3 423	–3 423	255	–3 168
DECEMBER 31, 2015		**9 960**	**184 231**	**–1 194**	**–17 226**	**317 482**	**493 253**	**–439**	**492 814**

* See Note 5.12

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	2016	2015
NET PROFIT GROUP	**83 187**	**62 863**
Depreciation and amortization	17 516	30 083
Change of provisions and employee benefits	−2 529	−2 197
Gains from the sale of non-current assets	−23	−22
Other non-cash items	1 951	5 377
SUBTOTAL	**100 102**	**96 104**
Change in trade receivables	−46 756	111 672
Change in receivables from factoring	−52 529	24 607
Change in inventories	−22 322	−48 421
Change in prepaid expenses, accrued income and other receivables	1 083	−16 406
Change in trade payables	94 975	−108 448
Change in accrued expenses, deferred income and other payables	15 413	−19 582
CASH FLOW FROM OPERATING ACTIVITIES	**89 966**	**39 526**
Net cash flow from acquisitions of subsidiaries (see Note 3)	−3 676	−6 520
Net cash flow from derecognition of subsidiaries (see Note 3)	0	−395
Payment of contingent consideration from acquisitions of subsidiaries (see Note 3)	−3 348	1 000
Dividends from associates	455	422
Additions to property, plant and equipment	−6 801	−9 779
Additions to intangible assets	−5 828	−3 404
Disposals of property, plant and equipment	79	134
Additions/disposals of financial assets	−309	294
CASH FLOW FROM INVESTING ACTIVITIES	**−19 428**	**−18 248**
Distributions to shareholders	−22 335	−19 294
Distributions to non-controlling interests	−22	0
Net cash flow from acquisitions of non-controlling interests (see Note 3)	0	−699
Proceeds from increase of financial liabilities	23 352	26 513
Repayments of financial liabilities	−35 608	−12 081
Repayments of factoring liabilities	−20 389	0
CASH FLOW FROM FINANCING ACTIVITIES	**−55 002**	**−5 561**
Exchange differences	−59	127
CHANGE IN CASH AND CASH EQUIVALENTS	**15 477**	**15 844**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**40 000**	**24 156**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**55 477**	**40 000**
Included in cash flow from operating activities		
Income taxes paid	25 965	34 661
Interest paid	14 739	14 793
Interest received	222	224

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The basis of ALSO's business models are the two customer categories "providers" and "buyers". The ALSO Group has a portfolio of more than 500 vendors in the various ICT product categories of hardware, software, and IT services, including all global market leaders. We offer the vendors access to a broad spectrum of buyers, who can call up further customized services in the logistics, finance, IT, and digital services sectors, as well as traditional distribution services. ALSO offers services along the entire value chain from a single source.

On the basis of a European B2B marketplace, the customers are enabled to sustainably shape and develop their businesses.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The ALSO Group's consolidated financial statements are prepared in accordance with the requirements of the Swiss Code of Obligations and the International Financial Reporting Standards (IFRS), as well as the accounting and measurement principles described below. The consolidated financial statements are prepared on the assumption of a going concern. The consolidated financial statements are prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value. The financial statements are available in German and English, of which the German version is binding.

These consolidated financial statements for the fiscal year 2016 of ALSO Holding AG inclusive all of its directly or indirectly controlled subsidiaries are presented in EUR (reporting currency), since the majority of revenues are generated in the euro area. For clarity, all values are presented in thousands of euro (TEUR).

2.2 SIGNIFICANT CHANGES IN THE ACCOUNTING AND MEASUREMENT PRINCIPLES

The accounting policies adopted are consistent with those of the previous fiscal year except for those new and amended standards and interpretations effective from January 1, 2016, which are listed below. A description of the changes and their impact on the consolidated financial statements is provided below if they materially affect the financial position, performance, or cash flow situation of ALSO:

- IFRS 14 Regulatory Deferral Accounts
- Annual improvements 2012 to 2014
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Investment Entities: Applying the Consolidated Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)

None of the changes have any material effect on the financial position, performance, or cash flow situation of ALSO.

2.3 PUBLISHED STANDARDS, INTERPRETATIONS, AND AMENDMENTS NOT YET APPLIED

The following standards, interpretations, and amendments which have been issued but not yet applied by ALSO are being constantly analyzed by ALSO for their impact on the consolidated financial statements:

- IFRS 9 Financial Instruments – effective January 1, 2018
- IFRS 15 Revenue from Contracts with Customers – effective January 1, 2018
- IFRS 16 Leases – effective January 1, 2019
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) – effective January 1, 2017
- Disclosure Initiative (Amendments to IAS 7) – effective January 1, 2017

- Clarification of the scope of the Standard (Amendments to IFRS 12) – effective January 1, 2017
- Deletion of short-term exemptions for first-time adopters (Amendments to IFRS 1) – effective January 1, 2018
- Measuring an associate or joint venture at fair value (Amendments to IAS 28) – effective January 1, 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) – effective January 1, 2018
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) – effective January 1, 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – effective January 1, 2018
- Transfers of Investment Property (Amendments to IAS 40) – effective January 1, 2018
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28) – date of initial application unknown

ALSO has analyzed the impact of IFRS 15 on the current business models and does not currently anticipate any significant effects from its initial application.

From today's perspective, with the exception of IFRS 16, the application of other changes will not have any material effects on the capital, financial, income, or cash flow situation of ALSO. ALSO applies the changes for the first time as from the fiscal year following the date stated in the standard.

2.4 KEY ASSUMPTIONS AND ESTIMATES

Preparation of the financial statements in accordance with IFRS requires management to make certain assumptions and estimates which influence the figures presented in this report. The necessary analyses and assessments are continuously reviewed and modified if necessary. However, the actual results may differ from these estimates. The main items whose amount and presentation materially depend on assumptions and estimates are as follows:

VENDOR BONUSES

The accruals of vendor receivables for bonuses contain estimates which are based on various factors such as sales volumes, quantities, stock levels, and other qualitative and quantitative targets. The amount recognized for the bonuses depends mainly on the attainment of the agreed targets. The bonus models vary between the vendors.

IMPAIRMENT OF GOODWILL

ALSO tests the capitalized goodwill at least once per year for impairment. This requires an assessment of the value in use of an underlying cash-generating unit or group of cash-generating units. The estimates of factors such as volumes, sales prices, sales growth, gross margin, operating expenses and investments, market conditions, balance sheet structure, and other economic factors, as well as parameters (e.g. discount rates) derived from external data, are based on assumptions that management considers reasonable (► see Note 5.7).

DEFERRED TAX ASSETS

Deferred tax assets are determined on the basis of estimates. The forecasts that are made for this purpose cover a timeframe of several years and include interpretations of existing tax laws and ordinances as well as changes in tax rates (► see Note 4.6).

SALE OF TRADE RECEIVABLES

In various countries, ALSO sells trade receivables to independent factoring companies. The assessment of whether the contractual arrangements of the factoring programs result in a significant transfer of risk, and the associated derecognition of the receivables, has a significant influence on the balance sheet of ALSO (► see Note 6.8).

EMPLOYEE BENEFITS

In various countries there are defined benefit plans. The defined benefit liability is based partly on long-term actuarial assumptions which may differ from actual future developments. Determination of the discount rate, the future development of salaries and pensions, and life expectancy are important components of the actuarial measurement.

2.5
SCOPE OF CONSOLIDATION

These consolidated financial statements include the annual financial statements as at December 31 of ALSO Holding AG, Emmen, Switzerland, and of the companies over which ALSO has control. ALSO controls a subsidiary when ALSO is exposed to the risks of the entity, has rights to variable returns from its involvement in the entity, and can affect these returns through exercise of its power over the entity. By this definition, ALSO controls SINAS Beteiligungs GmbH & Co. Vermietungs-KG, even though less than half of its voting shares are owned by ALSO. With the opening of insolvency proceedings under self-administration, ALSO lost control of ALSO Logistics Services GmbH as of August 1, 2015. ALSO Logistics Services GmbH is now under the management of the insolvency administrator. ALSO is not authorized to issue instructions to the insolvency administrator. Despite holding all the voting rights in ALSO Logistics Services GmbH, ALSO therefore has no control over this company. Nevertheless, as a member of the Creditor Committee, ALSO exercises significant influence on ALSO Logistics Services GmbH.

Subsidiaries are fully consolidated from the date on which control is transferred to ALSO and deconsolidated from the date that control ceases. Group companies are listed in ► Note 6.5.

CHANGES IN 2016

The following companies were acquired by the ALSO Group in 2016 and were included in the scope of consolidation:

Country	Domicile	Company name	Voting interest
Slovenia	Ljubljana	ALSO d.o.o.	100.00 %
Latvia	Riga	ALSO Cloud Latvia SIA	100.00 %
Switzerland	Stans	Bachmann Mobile Kommunikation AG	100.00 %

CHANGES IN 2015

The following companies were acquired by the ALSO Group in 2015 and were included in the scope of consolidation:

Country	Domicile	Company name	Voting interest
Poland	Warsaw	ALSO Polska sp. z o.o.	99.99 %
	Goleniow	MLS sp. z o.o.	100.00 %
	Goleniow	Blue Bridge sp. z o.o.	100.00 %
	Szczecin	iTerra sp. z o.o.	100.00 %

2.6 CONSOLIDATION METHOD

The consolidated financial statements are based on the financial statements of the individual Group companies, which are prepared using consistent accounting and measurement policies throughout the Group.

Assets and liabilities, as well as income and expenses, are included at their full amounts, and non-controlling interests in equity and net profit are shown separately.

All intragroup transactions (expenses, income, assets, and liabilities), as well as material unrealized gains from intragroup sales of assets which have not yet been sold to third parties, are eliminated.

2.7 ACQUISITIONS

Acquisitions are accounted for using the acquisition method. If the consideration transferred for the acquisition of an entity exceeds the underlying fair value of the identifiable net assets that are acquired, the excess represents goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units that are expected to benefit, or generate future cash flows, from the combination. The goodwill is recognized in the cash-generating unit's functional currency.

Acquisition costs are recognized as expense and reported as other operating expenses.

For each business combination, the acquirer measures the non-controlling interests in the acquired entity either at fair value or in proportion to the identifiable net assets of the acquired entity.

Contingent liabilities that are acquired through the acquisition, and whose fair value can be reliably determined, are recognized in the acquisition balance sheet as liabilities at their fair value.

The results of the acquired companies are recognized from the date on which the Group obtains control. When an entity leaves the scope of the consolidation, the difference between the consideration received and the net assets plus accumulated foreign exchange differences at the date on which the Group loses control of the entity is recognized in the financial result.

If a business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date and a resulting gain or loss relating to the previously held equity interest is recognized through profit or loss.

If the Group undertakes a business combination with put options that are held by shareholders of non-controlling interests and does not thereby obtain ownership, the non-controlling interests continue to be allocated a share in the profits. At the end of each reporting period, the allocation is recognized as a financial liability as if the acquisition had taken place at this date. Any excess over the reclassified amount, and all changes in the present value of the financial liability, are recognized in retained earnings.

A change in the ownership interest in a subsidiary without loss of control is recognized as an equity transaction.

2.8 INVESTMENTS IN ASSOCIATES

Entities over which ALSO has significant influence, but not control, are accounted for by the equity method. ALSO is generally considered to have significant influence if it holds an interest of between 20 % and 50 % in an entity. Under the equity method, the investment is initially recognized at cost. In subsequent measurements, the carrying amount is increased by the share in profits of the entity and reduced by its share in losses and by dividend payments received from the entity. If the share in losses of the entity equal or exceed its carrying amount, ALSO ceases to recognize its share in losses. Provisions are recognized for any further share in losses if ALSO has a legal or constructive obligation.

At each reporting date, ALSO tests for objective indications of impairment. Any impairment loss is recognized through profit or loss.

2.9 TRANSLATION OF FOREIGN CURRENCY

Each entity of the Group determines its own functional currency. The functional currency of the Group companies is the normal currency of their local economic environment. Transactions in foreign currencies are translated into the respective functional currency at the spot rate that applies at the date of the transaction. All exchange gains and losses arising on transactions in foreign currencies, or on translation of monetary assets, are recognized in profit or loss.

Exchange gains on certain loans with equity-like nature are recognized in other comprehensive income provided that repayment of the loan is not planned or intended in the near future. Such exchange gains are recognized in other comprehensive income and only reclassified to the financial result upon loss of control of the entity or repayment of the loan.

The annual financial statements of the foreign operations that have a functional currency different from the Group reporting currency are translated into the Group reporting currency (EUR) as follows:

- statement of financial position at year-end rates;
- statement of comprehensive income at average annual rates;
- statement of cash flows at average annual rates.

Exchange differences arising on the translation of financial statements of entities whose functional currency is not the euro are recognized in other comprehensive income and on eventual loss of control of the subsidiary are reclassified to the financial result.

EXCHANGE RATES (TO EUR)

		Year-end rate		Average rate	
		2016	2015	**2016**	2015
USA	USD	1.0541	1.0887	1.1069	1.1095
Switzerland	CHF	1.0739	1.0835	1.0902	1.0679
Norway	NOK	9.0863	9.6030	9.2906	8.9496
Denmark	DKK	7.4344	7.4626	7.4452	7.4587
Sweden	SEK	9.5525	9.1895	9.4689	9.3535
Poland	PLN	4.4103	4.2639	4.3632	4.1841

2.10
TOTAL NET SALES

Total net sales comprise invoiced deliveries of goods and services and other sales-related revenue.

Revenue from goods deliveries is only recognized when it is probable that the economic benefits associated with the transaction will flow to ALSO and the amount can be reliably measured. The revenue is recognized when the goods are shipped, specifically when the risks and rewards are transferred to the purchaser.

Accruals for discounts and allowances granted to customers are recognized as a reduction in revenue at the time the related revenue is recognized or the incentives are granted. They are calculated on the basis of the specific terms of the individual agreements and the underlying revenues. Service revenue is recognized in the statement of comprehensive income as soon as the service is rendered and it becomes probable that an economic benefit will flow to the Group.

2.11
PERSONNEL EXPENSES/EMPLOYEE BENEFIT PLANS

In addition to the actual remuneration for services rendered (wages, salaries, and bonuses), personnel expenses also include ancillary personnel costs and social security contributions. Awards for years of service are also recognized as personnel expenses over the underlying period of service and accrued accordingly.

The companies of the ALSO Group operate various employee benefit plans according to the local conditions and practices in the respective countries.

Defined contribution plans are post-employment plans under which the Group pays fixed contributions into a separate fund and is neither legally nor de facto obliged to pay further contributions.

For defined benefit pension plans, the costs of providing benefits as well as the required provisions are defined actuarially using the projected unit credit method. In the case of plans that provide higher benefit growth in later years (backloading), the benefits that can be acquired are assigned on the basis of the net liability excluding future employee-funded benefit components. The liabilities are backed with assets which are managed by autonomous separately funded benefit plans or with provisions for employee benefits which are recognized in the financial statements of the relevant entities.

A surplus in a defined benefit plan is only recognized to the amount of the future economic benefits that are available in the form of reductions in contributions or repayments, taking into account the upper limit for the asset (asset ceiling). A defined benefit obligation is fully recognized as a provision.

Pension costs are composed of three elements:

- Service costs, which are part of personnel expenses, and consist of current service costs, past service costs, and gains/losses from plan settlements;
- Net interest, which is recorded in the financial result, and is determined by applying the discount rate to the net defined benefit liability, or net defined benefit asset, that exists at the beginning of the year;
- Gains and losses resulting from actuarial remeasurement, which are immediately recognized in other comprehensive income as remeasurements of employee benefits. Remeasurements of employee benefits are not recycled through the income statement at any later point in time.

2.12 CAPITAL PARTICIPATION PLANS

Until February 8, 2011, the ALSO Group granted shares and options of ALSO Holding AG to then members of Group Management.

Under the terms of the share plan, the shares that were granted passed into the ownership of the beneficiaries with all associated rights, but subject to a vesting period of three years during which they may not be sold.

Under the terms of the option plan, the beneficiaries received on an annual basis option rights for the purchase of shares of ALSO Holding AG at a predetermined price. The options could only be exercised after a vesting period of three years. Payment in cash is not permitted.

The fair value of the option premiums from the capital participation plan (► see Note 6.6) as determined according to the Hull-White model was charged to personnel expenses over the vesting period of three years.

2.13 FINANCIAL ASSETS

Financial assets mainly comprise trade receivables, prepaid expenses, accrued income, and other receivables as well as financial assets.

Financial assets are categorized as follows:

- Loans and receivables: Non-derivative financial assets with fixed or determinable payments which are not quoted on an active market.
- At fair value through profit or loss: Comprises financial assets acquired for short-term sale and derivatives. Certain other financial instruments can also be assigned to this category provided that the respective conditions are fulfilled.
- All other financial assets are classified as financial assets available for sale.

The classification of financial assets depends on the purpose for which the respective financial assets were acquired. Management determines the classification of financial assets at their initial recognition and reassesses the classification at each reporting date. Financial assets other than financial assets recognized at fair value through profit or loss are initially recognized at fair value plus transaction costs. All purchases and sales are recognized on the trade date.

After their initial recognition, financial assets are measured depending on their category as follows:

- Loans and receivables: At amortized cost using the effective interest method (equal distribution of cashflows during the term resulting in a zero difference of net present value).
- At fair value through profit or loss: At fair value. If the fair value is not readily available, it must be calculated using a recognized valuation model. Any changes in fair value are recognized in the statement of comprehensive income under net financial result (financial income or financial expense) or cost of goods sold for the respective reporting period.
- Available for sale: At fair value. Any unrealized changes in value are recognized in other comprehensive income, except for interest that was calculated using the effective interest method, and exchange rate fluctuations on borrowing instruments. In the case of sale, impairment, or other disposal, the cumulative gains and losses that are recognized in equity are reclassified into the net financial result (financial income, financial expense) of the current reporting period (► see Note 2.14).

At the reporting date, or whenever otherwise impairment is indicated, the carrying amounts of all financial assets that are not recognized at fair value through profit or loss are tested for objective substantial indications (e.g. significant financial difficulties of the debtor, etc.) of impairment. Any impairment loss that arises due to a difference between the carrying amount and the fair value is recognized through profit or loss.

2.14
HEDGE ACCOUNTING

To hedge its interest and currency risks that result from its operating activities, financial transactions and investments, ALSO uses derivative financial instruments. The method used to recognize the resulting gain or loss on derivative financial instruments depends on whether the instrument is designed to hedge a specific risk and whether the hedge qualifies for hedge accounting.

ALSO uses derivative financial instruments to hedge foreseen transactions or fixed obligations. If the derivative financial instrument that is used qualifies as a cash flow hedge when the contract is entered into, changes in value of the effective component of this derivative are recognized in other comprehensive income. The ineffective component is recognized in profit or loss. At the date of initial recognition of the hedged asset or liability, or expense or income, the changes in value that were recognized in other comprehensive income are included in the respective hedged item.

The purpose of hedge accounting is to offset the changes in the hedged item and the hedging instrument in the statement of comprehensive income. To qualify as hedge accounting, the hedging relationship must meet the requirements regarding documentation, probability, effectiveness, and reliability of measurement. Both at hedge inception and throughout the lifetime of the hedge, ALSO therefore documents its assessment of whether the hedge is highly effective in offsetting the risks of changes in fair values or cash flows resulting from changes in fair value of the hedging instrument.

Especially forward contracts that provide effective hedging economically, and in keeping with the Group strategy, do not qualify for hedge accounting. Depending on the economic background, changes in the market values of these derivative financial instruments are recognized in the statement of comprehensive income either in the gross margin (currency hedging) or the financial result (interest rate hedging).

2.15
CASH AND CASH EQUIVALENTS

In addition to cash on hand and current account balances, cash equivalents also include time deposits with an original term of up to three months.

2.16
TRADE RECEIVABLES

Trade receivables are recognized at face value less provision for impairment, when there are indications that the customer will not be able to meet its payment obligations (insolvency, etc.). Default rates based on historical experience are offset against the contractually foreseen payment streams.

The impairment of trade receivables takes place indirectly through a separate impairment account. The impairment charged to the statement of comprehensive income in the reporting period is reported under other operating expenses. Should a trade receivable no longer be collectable, the receivable, along with any impairment that has already been charged, is derecognized. Should a payment subsequently be received, it is credited to other operating income.

2.17
INVENTORIES

Inventories are recognized at the lower of purchase cost and net realizable value. The purchase costs contain all purchase and overhead costs incurred in bringing each product to its present location and condition. The inventories are valued using the weighted-average purchase price method. Value adjustments are made for slow-moving inventories or inventories with purchase cost higher than market value. Unsaleable inventories are written off in full.

2.18
PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is valued at acquisition cost minus economically necessary depreciation. Borrowing costs of qualified assets (which means project duration greater than 12 months) are additionally capitalized. Maintenance and repair costs with no added value are not capitalized. Significant investments are broken down into their constituent parts if the estimated useful lives of the separate components differ.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Impairments are recognized under depreciation and shown separately in the assets analysis. The depreciation method as well as the estimated residual values and useful lives are reviewed annually.

► Land	Not depreciated
► Buildings	Useful life 25 years
► Equipment	Useful life 2 – 15 years
► Other property, plant and equipment	Useful life 4 – 10 years

2.19
FINANCE LEASES

Leasing agreements that transfer to ALSO substantially all of the risks and benefits that are associated with ownership of the leased item are classified as finance leases. Equipment that is financed by leasing agreements is capitalized in the statement of financial position at the lower of market value or the net present value of the future lease payments. Non-current assets arising from finance leases are depreciated over their estimated useful life or the period of the agreement if shorter. Outstanding liabilities arising from finance leases are recognized as current and non-current financial liabilities.

Leases that do not transfer essentially all of the risks and benefits associated with ownership of the leased asset are classified as operating leases and the payments are recognized in the statement of comprehensive income.

2.20
INTANGIBLE ASSETS

Intangible assets comprise goodwill and internally created software, as well as licenses, patents and similar rights, customer lists, brand names, and software, that are acquired from third parties. The amortization of all intangible assets with finite useful lives is calculated by the straight-line method over the expected useful life. Impairment losses are recognized under amortization and disclosed separately in the assets analysis.

Goodwill is not normally amortized but tests for impairment are performed annually as well as whenever there is an indication that the goodwill may be impaired. Material borrowing costs relating to qualifying assets (project duration greater than 12 months) are additionally capitalized.

With the exception of goodwill, no intangible assets with indefinite useful lives are capitalized.

► Software	Useful life 3 – 7 years
► Customer lists	Useful life 3 – 5 years
► Other intangible assets	Useful life 3 years

2.21
IMPAIRMENT

Goodwill is tested for impairment each year (► see Note 5.7). Impairment is determined by assessing the recoverable amount of the cash-generating unit (CGU or group of CGUs) to which the goodwill relates. The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, the cash flows for the next three years are estimated based on detailed budgets; beyond that period, a long-term growth rate is determined to forecast the future cash flows. The cash flows are then discounted at an appropriate discount rate. If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. An impairment loss that is recognized against goodwill cannot be reversed in subsequent reporting periods.

Other non-current assets are tested for impairment whenever events or changed circumstances indicate a potential impairment. If there are indications of impairment, the recoverable amount of the asset is calculated. The recoverable amount of the non-current asset or CGU is the higher of its fair value less costs of disposal and its value in use. If the carrying amount exceeds the recoverable amount, the asset is written down to that amount. This special write-down (impairment) is reported separately in the assets analysis. An impairment reversal is possible if, at a later date, an impairment test shows that the loss in value no longer exists.

2.22
FACTORING

The ALSO Group has sold or assigned some of its trade receivables to finance companies (factors). The receivables are only derecognized when substantially all of the risks contained in the receivables have been transferred to the purchaser of the receivables. Based on current legal agreements relating to factoring, all or significant portions of the customer default risk are transferred to the receivables purchaser. The interest risk remains with the ALSO Group until the date at which the receivables are received by the purchaser of the receivables or until the contractually agreed latest date. Securitization reserves are reported under other receivables.

Remaining bad debt, interest, and currency risks are recognized as continuing involvement in trade accounts receivable. This continuing involvement is offset by a corresponding liability, which also takes into account the risk of its utilization.

Payment of the purchase price by the factoring company takes place either when the payment is received by the factoring company or with interest at the request of ALSO. The still outstanding part of the purchase price receivable is reported under other receivables.

Interest expense and administration fees resulting from the sale of receivables are recognized in the financial result.

2.23
FINANCIAL LIABILITIES

Financial liabilities particularly include trade payables, liabilities to banks, other liabilities, liabilities from finance leases, and derivative financial liabilities.

Financial liabilities are separated into two categories. They are classified either as “at fair value through profit or loss”, or as “other financial liabilities”:

- At fair value through profit or loss: At their initial recognition and subsequently, these financial liabilities are measured at fair value. The transaction costs directly identifiable to the purchase of these liabilities are expensed. Derivatives with a negative replacement value are by definition assigned to this category.
- Other financial liabilities: Other financial liabilities mainly comprise financial debts. Financial liabilities are measured at amortized cost using the effective interest method. In addition to actual interest payments, interest expense also includes annual compound interest and pro rata transaction costs.

Financial guarantees and pledges are reported as contingent liabilities and only recognized as provisions when a cash outflow becomes probable.

2.24
PROVISIONS

Provisions are liabilities of uncertain timing or amount. They are recognized if the ALSO Group has a legal or de facto present obligation from a past event, which will lead to a probable outflow of resources, and a reliable estimate can be made of the amount of the obligation.

Warranties in respect of products supplied or services rendered by ALSO give rise to legal or de facto obligations. Provisions for warranty-related costs are recognized at the date when the respective product is sold or service rendered. The amount of the necessary provision is based on historical experience and expected probabilities of future occurrence. The resulting expenses are normally limited to logistical processes for returning the defective products to the vendor. The cost of repair or replacement is borne by the vendor.

Restructuring provisions are only recognized when a detailed restructuring plan is available and its main features have been announced to all those affected by it.

If the effect of the time-value of money is material, non-current provisions are discounted.

2.25
TAXES

Taxes on income are accrued in the same periods as the revenue and expenses to which they relate, and are reported as tax liabilities. Deferred taxes include the income tax effects of temporary differences between the Group's internal measurement criteria and the local tax measurement guidelines for assets and liabilities (comprehensive liability method). With this method, deferred taxes are created for temporary taxable differences. Deferred taxes are adjusted annually for any changes in local tax legislation. Tax-loss carry-forwards and deductible temporary differences are reported as deferred tax assets if it is sufficiently probable that future taxable profits will be adequate to utilize the respective deferred tax assets (► see Note 4.6).

Taxes that would have to be paid in the event of a payout of retained earnings in the subsidiaries are not accrued unless this type of payout is expected to be made in the near future.

2.26
EQUITY

Equity is composed of share capital, capital reserves, treasury shares, cash flow hedge reserves, exchange differences, remeasurement of defined benefit plans, retained earnings, and non-controlling interests.

The share capital represents the nominal capital of ALSO Holding AG. The capital reserves consist of all contributions to shareholders' equity received from outside the company other than share capital. Gains or losses resulting from the sale of treasury shares are also recognized in the capital reserves. The cash flow hedge reserve contains changes in the fair value of cash flow hedges. Under remeasurement of defined benefit plans, all actuarial gains and losses on the measurement of defined benefit plans are recognized. Under exchange differences, all exchange differences are recognized that result from translation of the financial statements of those Group companies whose functional currency is not the same as the reporting currency. Retained earnings comprise the gains/losses resulting from the decisions of the consolidated entities regarding the application of earnings that are carried forward to the new account.

The share capital and the capital reserves are translated at historical exchange rates, dividends and other distributions at transactional exchange rates.

Dividends and other distributions to shareholders are charged to equity in the period in which they are declared.

3.
BUSINESS COMBINATIONS

ACQUISITION OF BACHMANN MOBILE KOMMUNIKATION AG

On August 1, 2016, the ALSO Group acquired 70 % of the voting shares in Bachmann Mobile Kommunikation AG and thus increased its voting share from the previous 30 % to 100 %. Bachmann Mobile Kommunikation AG, with registered office in Stans, Switzerland, is a leading provider of repair and logistics services in the consumer electronics and mobile communications after-sales service market. The objective of the acquisition is to enhance high-margin range of products and services through end-to-end solutions.

The consideration transferred for the 70 % of the voting shares amounted to TEUR 6 562, consisting of a direct purchase price payment of TEUR 4 989 and of a call option of TEUR 1 573.

Up until August 1, 2016, the investment in Bachmann Mobile Kommunikation AG was accounted for using the equity method. As a result of the acquisition of the remaining 70 % of the voting shares, the carrying amount of the previous 30 % of the voting shares of TEUR 1 287 was remeasured. The difference of TEUR 1 471 from the fair value of TEUR 2 758 is recognized under financial income.

In the purchase price allocation, a fair value of the net assets of TEUR 1 328 was identified. Goodwill of TEUR 7 992 was recognized. The goodwill mainly reflects the expected synergy effects from the enhancement of high-margin range of products and services.

Cash for the amount of TEUR 1 313 was acquired. The fair value of trade receivables amounts to TEUR 3 779 and consists of gross contractual amounts of TEUR 3 962 and a provision for bad debts in the amount of TEUR 183.

No contingent liabilities were recognized.

The goodwill for the total amount of TEUR 7 992 is not tax-deductible.

Since information is still outstanding, the purchase price allocation that was performed on August 1, 2016 and revised at the reporting date is provisional.

Since the date of acquisition, Bachmann Mobile Kommunikation AG has contributed TEUR 13 604 to the net sales and TEUR 341 to the net profit of ALSO.

At December 31, 2016, the purchase price of TEUR 4 989 had been fully paid out.

ACQUISITION OF NON-CONTROLLING INTEREST IN MEDIUM GMBH

On June 8, 2016, ALSO acquired the remaining 20 % of the share capital of MEDIUM GmbH. The transaction resulted in income of TEUR 153. Additionally TEUR 622 was reclassified from non-controlling interests to retained earnings.

EARN-OUT NRS

In 2016 earn-out in the amount of TEUR 1 348 was paid for NRS that was acquired in 2012. This purchase price had already been taken into account in the purchase price allocation as of December 31, 2012.

CONSEQUENCES OF THE ACQUISITIONS

If the acquisitions had taken place at the beginning of the year, the net sales of ALSO for the period would have been TEUR 8 000 657 and the net profit TEUR 84 290.

ASSETS AND LIABILITIES FROM BUSINESS COMBINATIONS

EUR 1 000	Fair values at the date of acquisition Bachmann Mobile Kommunikation AG*
CURRENT ASSETS	
Cash and cash equivalents	1 313
Trade receivables	3 779
Inventories	971
Prepaid expenses, accrued income and other receivables	263
TOTAL CURRENT ASSETS	**6 326**
NON-CURRENT ASSETS	
Property, plant and equipment	250
Intangible assets	346
Deferred tax assets	92
TOTAL NON-CURRENT ASSETS	**688**
TOTAL ASSETS	**7 014**
CURRENT LIABILITIES	
Financial liabilities	2 001
Trade payables	1 818
Accrued expenses, deferred income and other payables	589
Tax liabilities	510
TOTAL CURRENT LIABILITIES	**4 918**
NON-CURRENT LIABILITIES	
Deferred tax liabilities	45
Employee benefits	723
TOTAL NON-CURRENT LIABILITIES	**768**
TOTAL LIABILITIES	**5 686**
Total net assets	1 328
Goodwill	7 992
CONSIDERATION TRANSFERRED	**9 320**
ANALYSIS OF CASH FLOWS FROM THE ACQUISITIONS	
Cash acquired	1 313
Cash paid	−4 989
NET CASH OUTFLOW	**−3 676**

* Provisional amounts

BUSINESS COMBINATIONS 2015

ACQUISITION OF PC FACTORY GROUP

On October 31, 2015, the ALSO Group, through its subsidiary ALSO Polska sp. z o.o., acquired the assets and the liabilities of the PC Factory Group. ALSO Polska sp. z o.o., with registered office in Warsaw, Poland, is active in the distribution business and provides comprehensive services for well-known vendors in the areas of warehousing, logistics and merchandising. The objective of the acquisition is to increase competitiveness and to gain a more effective market cultivation.

The provisional purchase price allocation as at December 31, 2015 was completed in 2016. There was no change in the measurement of the acquired assets.

TEUR 2 000 of the purchase price was paid in 2016. This purchase price had already been taken into account in the purchase price allocation as of December 31, 2015.

OTHER ACQUISITIONS

In 2015, ALSO acquired some assets and liabilities of a company that is active in the printing area. This acquisition had no material effects on the capital, financial, income, or cash flow situation of ALSO.

DERECOGNITION OF ALSO LOGISTICS SERVICES GMBH

On August 1, 2015, the ALSO Group lost control over 100 % of the voting shares in ALSO Logistics Services GmbH. However, ALSO still has significant influence and therefore recognizes this company at equity. The derecognition of ALSO Logistics Services GmbH in 2015 and the associated impairment on loans resulted in a loss of TEUR 4 566, which is recognized as other financial expenses (► see Note 4.5).

4. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1 SEGMENT INFORMATION

EUR 1 000	Central Europe 2016	Central Europe 2015	Northern/Eastern Europe 2016	Northern/Eastern Europe 2015	Adjustments 2016	Adjustments 2015	Group 2016	Group 2015
Net sales to third parties	4 766 749	4 844 649	3 098 786	2 830 904	0	0	7 865 535	7 675 553
Revenue from services to third parties	115 185	113 473	3 187	2 932	242	125	118 614	116 530
Net sales to other segments	110 452	136 250	235 008	89 478	−345 460	−225 728	0	0
TOTAL NET SALES	**4 992 386**	**5 094 372**	**3 336 981**	**2 923 314**	**−345 218**	**−225 603**	**7 984 149**	**7 792 083**
EBITDA	**108 856**	**94 616**	**34 092**	**44 178**	**3 059**	**1 203**	**146 007**	**139 997**
As % of total net sales	*2.2 %*	*1.9 %*	*1.0 %*	*1.5 %*			*1.8 %*	*1.8 %*
Depreciation and amortization	−10 803	−21 996	−3 874	−4 434	−2 839	−3 653	−17 516	−30 083
OPERATING PROFIT (EBIT)	**98 053**	**72 620**	**30 218**	**39 744**	**220**	**−2 450**	**128 491**	**109 914**
As % of total net sales	*2.0 %*	*1.4 %*	*0.9 %*	*1.4 %*			*1.6 %*	*1.4 %*
Net financial income/expense	−7 399	−9 463	−6 991	−4 353	−209	−5 335	−14 599	−19 151
PROFIT BEFORE TAX (EBT)	**90 654**	**63 157**	**23 227**	**35 391**	**11**	**−7 785**	**113 892**	**90 763**
As % of total net sales	*1.8 %*	*1.2 %*	*0.7 %*	*1.2 %*			*1.4 %*	*1.2 %*
SEGMENT ASSETS	**1 309 974**	**1 239 269**	**731 174**	**672 543**	**−146 045**	**−152 055**	**1 895 103**	**1 759 757**
SEGMENT LIABILITIES	**985 704**	**925 064**	**550 172**	**483 785**	**−205 954**	**−141 906**	**1 329 922**	**1 266 943**
INVESTMENTS								
in property, plant and equipment	3 427	4 158	3 023	5 410	1 073	779	7 523	10 347
in intangible assets	1 644	1 786	36	253	4 148	1 365	5 828	3 404
Average headcount	2 218	2 491	1 163	1 020	143	138	3 524	3 649
Headcount at year end	2 303	2 224	1 216	1 126	148	138	3 667	3 488

The following definitions of headcount apply:
– Average headcount: average number of full-time equivalent positions excluding temporary employees
– Headcount at year end: number of full-time equivalent positions excluding temporary employees

ALSO International B.V. and ALSO Nederland B.V. have now been assigned to the Northern/Eastern Europe segment, having formerly been part of the Central Europe segment. The figures for the previous year were adjusted accordingly.

The segment reporting is based on the management approach. The results of the operating segments are regularly reviewed by the Chief Operating Decision Maker (CODM), Gustavo Möller-Hergt, CEO, in order to allocate the resources to the segments.

The reconciliation (Adjustments) of the segment results to the consolidated results contains centralized activities of the holding companies in Switzerland, Finland, and Germany (headquarter activities) which are not allocated to the segments. The allocation of the net sales is determined by the place where invoicing occurs. Revenues, as well as assets and liabilities (mainly trade receivables and payables), between the segments are eliminated in the "Adjustments" column. The assets and liabilities contain all balance sheet items that are directly attributable to the segments.

Profit before tax (EBT) contains all income and expenses that are directly attributable to the respective operating segments. It also includes direct allocations of centrally occurring expenses. EBT is the main performance indicator in the ALSO Group.

A reconciliation of the management reporting to the segment reporting is not required, since internal and external reporting are based on the same accounting principles.

DETAILS OF THE RECONCILIATION

EUR 1 000	2016	2015
Costs for shareholders/mark-up for management fees/other centralized costs	3 059	1 203
TOTAL AT EBITDA LEVEL	**3 059**	**1 203**
Depreciation and amortization	−2 839	−3 653
Net financial result	−209	−5 335
TOTAL AT EBT LEVEL	**11**	**−7 785**

Concerning net financial result in 2015, please ► refer to Note 3.

GEOGRAPHICAL INFORMATION

EUR 1 000	Total net sales	Non-current assets*
SWITZERLAND		
2016	851 288	68 427
2015	802 300	62 984
GERMANY		
2016	3 312 469	130 439
2015	3 467 121	130 071
NETHERLANDS		
2016	1 040 067	4 362
2015	1 039 123	4 634
OTHERS		
2016	2 780 325	47 295
2015	2 483 539	47 677
GROUP		
2016	7 984 149	250 523
2015	7 792 083	245 366

* Without deferred tax assets and financial assets

CUSTOMERS ACCOUNTING FOR MORE THAN 10 % OF GROUP SALES REVENUE

Sales revenue received by the ALSO Group from a single customer in the Central Europe segment was EUR 733 million (previous year: EUR 849 million).

4.2 PERSONNEL EXPENSES

EUR 1 000	2016	2015
Salaries and wages	−176 580	−180 062
Social and pension costs	−32 853	−32 165
TOTAL PERSONNEL EXPENSES	**−209 433**	**−212 227**

4.3 EMPLOYEE BENEFITS

The employee post-employment benefit plans of the ALSO Group comply with the legal requirements of the respective countries. There are defined benefit plans in Germany, Netherlands, Austria, and Switzerland. The defined benefit plan in Switzerland (ALSO pension fund) covers 81.9 % (previous year: 86.9 %) of plan assets and 80.7 % (previous year: 86.8 %) of the present value of the expected obligations of the ALSO Group.

DEFINED BENEFIT PLAN

			2016			2015
EUR 1 000	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
Fair value of plan assets	58 574	12 975	71 549	53 609	8 054	61 663
Present value of defined benefit obligations	−75 148	−17 934	−93 082	−76 369	−11 642	−88 011
of which financed by funds	−75 148	−17 821	−92 969	−76 369	−11 580	−87 949
of which financed by provisions	0	−67	−67	0	−62	−62
DEFICIT	**−16 574**	**−4 959**	**−21 533**	**−22 760**	**−3 588**	**−26 348**
Reported in the statement of financial position as:						
Employee benefit liabilities	−16 574	−4 959	−21 533	−22 760	−3 588	−26 348

DEFINED BENEFIT PLAN SWITZERLAND

Post-employment benefit plans in Switzerland are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that post-employment benefit plans must be managed by independent, legally autonomous bodies. Post-employment benefit plans are overseen by a regulator as well as by a state supervisory body. The ultimate governing body of a post-employment benefit plan (Board of Trustees) is composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability, and death. The various benefits are defined in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and the employee pay contributions to the post-employment benefit plan. In case of an underfunding, various measures can be taken, such as adjusting the pension commitment by altering the conversion rates or increasing current contributions. Under certain conditions the employer is obliged to make additional restructuring contributions. The BVG prescribes how the employees and the employer jointly fund any restructuring measures.

The Swiss post-employment benefit plan, the ALSO Pension Fund, has the legal form of a foundation. All actuarial risks are borne by the foundation. These risks consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate and the return on the plan assets), which are regularly assessed by the Board of Trustees. In addition, a report is prepared annually in accordance with IFRS requirements as well as an actuarial report prepared in accordance with the requirements of the BVG.

The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy as often as necessary – especially in the case of significant market developments or changes to the structure of the plan participants – and at least once annually. When defining the investment strategy, the Board of Trustees takes account of the foundation's objectives, benefit obligations, and risk capacity. The investment strategy is defined in the form of a long-term target asset structure (investment policy).

The Board of Trustees delegates implementation of the investment strategy and management of the plan assets to an external asset manager. The Board of Trustees monitors compliance with the investment strategy and development of the plan assets several times a year.

NET POST-EMPLOYMENT BENEFIT EXPENSES FOR DEFINED BENEFIT PLANS

			2016			2015
EUR 1 000	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
Current service cost	−3 821	−655	−4 476	−4 114	−514	−4 628
Past service cost	1 645	51	1 696	2 929	23	2 952
Net interest employee benefit	−207	−85	−292	−214	−65	−279
NET POST-EMPLOYMENT BENEFIT EXPENSES	**−2 383**	**−689**	**−3 072**	**−1 399**	**−556**	**−1 955**

In 2016, the ALSO pension fund reduced its conversion rate. This resulted in negative past service cost of TEUR 1 645.

In 2015, the number of employees insured at the ALSO pension fund in accordance with the BVG was reduced significantly. This resulted in negative past service cost of TEUR 2 929.

REMEASUREMENT OF DEFINED BENEFIT PLANS

EUR 1 000	2016 ALSO pension fund	2016 Other defined benefit plans	2016 Total	2015 ALSO pension fund	2015 Other defined benefit plans	2015 Total
Actuarial gains/losses:						
Changes in demographic assumptions	5 430	434	5 864	0	0	0
Changes in financial assumptions	−1 402	−1 785	−3 187	−2 036	−267	−2 303
Return on plan assets (excluding interest income)	2 663	720	3 383	−2 045	−53	−2 098
Effect of change in asset ceiling	0	0	0	0	0	0
TOTAL REMEASUREMENT RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**6 691**	**−631**	**6 060**	**−4 081**	**−320**	**−4 401**

CHANGE IN FAIR VALUE OF PLAN ASSETS

EUR 1 000	2016 ALSO pension fund	2016 Other defined benefit plans	2016 Total	2015 ALSO pension fund	2015 Other defined benefit plans	2015 Total
JANUARY 1	**53 609**	**8 054**	**61 663**	**49 863**	**6 865**	**56 728**
Effect of acquisitions	0	2 327	2 327	0	0	0
Interest income	540	160	700	685	139	824
Return on plan assets (excluding interest income)	2 663	720	3 383	−2 045	−53	−2 098
Employee contributions	1 465	180	1 645	1 668	137	1 805
Employer contributions	1 989	699	2 688	2 275	591	2 866
Net benefits (paid) received	−2 236	734	−1 502	−4 334	0	−4 334
Exchange differences	544	101	645	5 497	375	5 872
DECEMBER 31	**58 574**	**12 975**	**71 549**	**53 609**	**8 054**	**61 663**

CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

EUR 1 000	ALSO pension fund 2016	Other defined benefit plans 2016	Total 2016	ALSO pension fund 2015	Other defined benefit plans 2015	Total 2015
JANUARY 1	**76 369**	**11 642**	**88 011**	**67 527**	**10 098**	**77 625**
Effect of acquisitions	0	3 050	3 050	0	0	0
Service cost	3 821	655	4 476	4 114	514	4 628
Past service cost	–1 645	–51	–1 696	–2 929	–23	–2 952
Interest cost	747	245	992	899	204	1 103
Actuarial gain/loss	–4 028	1 351	–2 677	2 036	267	2 303
Employee contributions	1 465	180	1 645	1 668	137	1 805
Net benefits (paid) received	–2 236	715	–1 521	–4 334	–42	–4 376
Exchange differences	655	147	802	7 388	487	7 875
DECEMBER 31	**75 148**	**17 934**	**93 082**	**76 369**	**11 642**	**88 011**

INVESTMENT STRUCTURE OF PLAN ASSETS

	ALSO pension fund 2016	Other defined benefit plans* 2016	Total* 2016	ALSO pension fund 2015	Other defined benefit plans* 2015	Total* 2015
Cash and cash equivalents	5.2 %	0.0 %	4.5 %	6.2 %	0.0 %	5.4 %
Equity instruments	31.3 %	0.0 %	27.0 %	30.4 %	0.0 %	26.4 %
Bonds	36.2 %	0.0 %	31.2 %	34.8 %	0.0 %	30.3 %
Real estate	15.4 %	0.0 %	13.3 %	15.5 %	0.0 %	13.5 %
Other investments	11.9 %	100.0 %	24.0 %	13.1 %	100.0 %	24.4 %
TOTAL	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

* Weighted values

The ALSO benefit plans do not hold any investments in financial instruments or real estate that are owned or used by the ALSO Group.

Cash and cash equivalents are invested with financial institutions that possess at least an “A” rating.

Equity instruments are investments in mutual funds for which there is a quoted market price (Level 1 of the fair value hierarchy). No direct investments are made. The assets also do not contain any shares of ALSO Holding AG.

Investments in bonds are undertaken solely via funds for which there is a quoted market price (Level 1 of the fair value hierarchy). There are no direct investments.

Investments in real estate are undertaken solely via real estate funds. There are no direct holdings of real estate. There is an active market in the real estate funds (Level 2 of the fair value hierarchy).

Other investments mainly comprise investments in hedge funds and private equity as well as reinsurances.

MAIN ACTUARIAL ASSUMPTIONS

			2016			2015
	ALSO pension fund	Other defined benefit plans*	Total*	ALSO pension fund	Other defined benefit plans*	Total*
Discount rate	0.7 %	1.0 %	0.7 %	1.0 %	1.9 %	1.1 %
Future salary increases	1.0 %	0.7 %	0.9 %	1.5 %	0.8 %	1.4 %
Future pension increases	0.0 %	0.3 %	0.1 %	0.0 %	0.4 %	0.1 %
Mortality table	BVG 2015	n/a	BVG 2015	BVG 2010	n/a	BVG 2010

* Weighted values

The present value of the defined benefit obligation (DBO) is determined annually by independent actuaries using the projected unit credit method. Actuarial assumptions are required for this purpose.

SENSITIVITIES OF THE MAIN ACTUARIAL ASSUMPTIONS

The main actuarial assumptions were identified to be the discount rate and the future development of salaries and wages. The following effects on the DBO can be expected:

- An increase/decrease of 0.25 percentage points in the discount rate would result in a decrease/increase in the DBO of 5 % respectively.
- An increase/decrease of 0.25 percentage points in the expected development of salaries and wages would result in an increase/ decrease in the DBO of 1 % respectively.

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

NET PENSION COST FOR DEFINED CONTRIBUTION PLANS

EUR 1 000	**2016**	2015
Employer contributions	1 503	1 433

4.4
OTHER OPERATING EXPENSES/INCOME

OTHER OPERATING EXPENSES

EUR 1 000	2016	2015
Leasing expenses	−20 156	−19 585
Maintenance and repair expenses	−15 395	−14 833
Marketing and administrative expenses	−98 269	−101 014
Insurance, consulting and other operating expenses	−39 228	−38 988
TOTAL OTHER OPERATING EXPENSES	**−173 048**	**−174 420**

OTHER OPERATING INCOME

EUR 1 000	2016	2015
Gains on sales of property, plant and equipment	22	33
Other operating income	22 478	19 157
TOTAL OTHER OPERATING INCOME	**22 500**	**19 190**

Other operating income mainly comprises contributions from suppliers, insurance payments, and company-produced assets.

4.5
NET FINANCIAL INCOME/EXPENSE

FINANCIAL INCOME

EUR 1 000	2016	2015
Interest income	549	570
Exchange gains, net	18	133
Fair value adjustments of contingent considerations (Note 6.2)	239	0
Fair value adjustments of call options (Note 6.2)	0	843
Negative goodwill from acquisitions	0	102
Other financial income	1 747	188
TOTAL FINANCIAL INCOME	**2 553**	**1 836**

Concerning other financial income in 2016, please ► refer to Note 3.

FINANCIAL EXPENSES

EUR 1 000	2016	2015
Interest expenses	–12 198	–13 594
Factoring fees	–2 766	–2 190
Net interest employee benefits	–292	–279
Fair value adjustments of contingent considerations (Note 6.2)	0	–110
Other financial expenses	–2 341	–5 336
TOTAL FINANCIAL EXPENSES	**–17 597**	**–21 509**
FINANCIAL RESULT	**–15 044**	**–19 673**

Concerning other financial expenses in 2015, please ► refer to Note 3.

EXCHANGE DIFFERENCES

EUR 1 000	2016	2015
Exchange differences recognized in financial result	18	133
Exchange differences recognized in gross margin	1 354	–3 591
TOTAL EXCHANGE DIFFERENCES	**1 372**	**–3 458**

4.6 INCOME TAXES

The main elements contributing to the difference between the expected tax rate for the Group and the effective tax rate are:

INCOME TAX EXPENSES

EUR 1 000	2016	2015
Income taxes in the reporting period	–30 955	–30 155
Income taxes in prior periods	–83	–1 450
TOTAL CURRENT INCOME TAX	**–31 038**	**–31 605**
Reduction in deferred tax rate	–108	–332
Changes in temporary differences	441	4 037
TOTAL DEFERRED TAX	**333**	**3 705**
TOTAL INCOME TAX EXPENSE	**–30 705**	**–27 900**

ANALYSIS OF TAX EXPENSE

EUR 1000	2016	2015
PROFIT BEFORE TAX (EBT)	**113 892**	**90 763**
Expected tax rate (weighted)	25.9 %	26.1 %
Expected income tax expense	–29 495	–23 689
Utilization of previously unrecognized tax losses	2 366	2 557
Income tax losses not recognized	–1 397	–1 395
Income not subject to tax	887	455
Non-deductible expenses	–2 797	–5 564
Reduction in deferred tax rate	–108	–332
Tax effect from prior periods	55	127
Withholding tax on Group dividends	–150	–89
Other factors	–66	30
EFFECTIVE INCOME TAX EXPENSE	**–30 705**	**–27 900**
Effective income tax rate	27.0 %	30.7 %

The weighted tax rate is calculated from the income tax rates that are expected to apply for the Group companies in the respective tax jurisdictions. The reduction in the effective tax rate from 30.7 % in 2015 to 27.0 % in 2016 mainly results from taxable non-deductible expenses in relation to ALSO Logistics Services GmbH.

In 2016, in the tax jurisdictions that are relevant for ALSO, there were no material changes in the applicable income tax rates.

TAX EFFECTS IN OTHER COMPREHENSIVE INCOME

EUR 1000	2016	2015
Tax effects on items that will not subsequently be reclassified to profit or loss		
Remeasurement of defined benefit plans	–733	575
SUBTOTAL	**–733**	**575**
Tax effects on items that may subsequently be reclassified to profit or loss		
Foreign currency adjustments on loans at foreign subsidiaries	–1	325
Fair value adjustment on cash flow hedges	–147	17
SUBTOTAL	**–148**	**342**
TOTAL TAX EFFECTS IN OTHER COMPREHENSIVE INCOME	**–881**	**917**

DEFERRED TAXES

	Statement of financial position				Recognized in income taxes	
	Deferred tax assets		Deferred tax liabilities			
EUR 1 000	**2016**	2015	**2016**	2015	**2016**	2015
Temporary differences						
Current assets	633	955	4 047	3 731	–453	–116
Property, plant and equipment	223	225	3 273	3 580	316	–80
Intangible assets	1 137	1 268	1 915	2 063	54	3 392
Recognized tax loss carry-forwards	4 057	3 098	0	0	844	153
Provisions and employee benefits	3 923	4 457	506	463	38	15
Liabilities	2 166	3 098	964	1 430	–466	13
Other temporary differences	0	0	0	0	0	328
TOTAL	**12 139**	**13 101**	**10 705**	**11 267**	**333**	**3 705**
Offsetting	–4 149	–4 962	–4 149	–4 962	0	0
TOTAL DEFERRED TAXES	**7 990**	**8 139**	**6 556**	**6 305**	**333**	**3 705**

CHANGES IN DEFERRED TAXES (NET)

EUR 1 000	**2016**	2015
JANUARY 1	**1 834**	**–2 144**
Effect of acquisitions	47	632
Changes in temporary differences	–548	4 622
Exchange differences	101	–1 276
DECEMBER 31	**1 434**	**1 834**

TAX LOSS CARRY-FORWARDS

EUR 1 000	**2016**	2015
TOTAL TAX LOSS CARRY-FORWARDS	**99 690**	**100 257**
Of which recognized as deferred tax assets	–17 522	–12 772
TOTAL TAX LOSS CARRY-FORWARDS NOT RECOGNIZED	**82 168**	**87 485**
Tax effect on unrecognized tax loss carry-forwards	17 931	19 328
Total unrecognized tax loss carry-forwards expiring:		
in two to five years (weighted tax rate 2016: 19.7%; previous year: 20.0%)	23 282	9 382
in six to ten years (weighted tax rate 2016: 20.1%; previous year: 20.0%)	19 426	27 428
No expiry (weighted tax rate 2016: 23.9%; previous year: 23.6%)	39 460	50 675

The loss carry-forwards existing at December 31, 2016 and 2015 derive mainly from Norway, Sweden, Finland and Germany.

In 2016, ALSO capitalized a deferred tax asset for the amount of TEUR 1 148 in Sweden. This was based on tax losses that had occurred before 2011. ALSO regards it as sufficiently probable that in the future taxable profits will occur that are equal to the amount of the deferred tax asset.

For tax loss carry-forwards in the amount of TEUR 82 168, no deferred tax assets are recognized since they cannot be offset against other Group profits and it is unlikely that the entities carrying the tax losses forward will have future taxable profits against which to offset the related tax benefit.

As at December 31, 2016, there were no deferred tax liabilities for retained earnings amounting to TEUR 37 072 (previous year: TEUR 35 735) in subsidiaries which are liable to tax in the event of a dividend payment. There are no plans for dividend payment in the foreseeable future from those retained earnings.

5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

5.1 CASH AND CASH EQUIVALENTS

EUR 1 000	2016	2015
Cash at bank and on hand	55 477	40 000
TOTAL CASH AND CASH EQUIVALENTS	**55 477**	**40 000**

5.2 TRADE RECEIVABLES

EUR 1 000	2016	2015
Trade receivables (gross)	583 057	545 505
Effect of acquisitions	3 962	0
Provision for bad debts	−3 511	−2 298
TOTAL TRADE RECEIVABLES	**583 508**	**543 207**

EUR 1 000	2016	2015
Trade receivables past due but not impaired		
< 90 days	29 836	29 257
90 to 180 days	808	1 614
>180 days to 1 year	611	569
> 1 year	120	25
TOTAL TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED	**31 375**	**31 465**

At the reporting date, trade receivables past due but not impaired contain no indications that the customers will not meet their payment obligations. As at the date of preparation of these consolidated financial statements, material portions of those receivables have been paid.

ALSO has sold or assigned trade receivables to independent factoring companies. Please ► refer to Note 6.8.

EUR 1 000	2016	2015
STATUS OF BAD DEBT PROVISION AS AT JANUARY 1	**2 298**	**2 281**
Effect of acquisitions	183	0
Exchange differences	–28	12
Creation	2 320	1 105
Release	–772	–416
Utilization	–490	–684
STATUS OF BAD DEBT PROVISION AS AT DECEMBER 31	**3 511**	**2 298**
Trade receivables write-offs	–1 816	–2 123
Income from payments for trade receivables previously written-off	275	252

5.3
INVENTORIES

EUR 1 000	2016	2015
Inventories	745 716	722 622
Downpayments to suppliers	3 282	1 032
Inventory provision	–10 725	–9 276
TOTAL INVENTORIES	**738 273**	**714 378**

For most inventories, there are limited-duration price-protection guarantees from the vendors/manufacturers. The ALSO companies usually purchase goods in local currency. A recognizable loss of value due to low inventory turnover, ageing, etc. is taken into account through inventory provisions.

In the reporting period, inventory for the amount of TEUR 7 421 048 (previous year: TEUR 7 232 623) was recognized as cost of goods sold in the consolidated statement of comprehensive income. This includes changes in inventory provisions totaling TEUR 705 recognized as income. In the previous year, TEUR 976 was recognized as income.

5.4
PREPAID EXPENSES, ACCRUED INCOME AND OTHER RECEIVABLES

EUR 1 000	2016	2015
Miscellaneous tax receivables	5 007	14 096
Receivables from factors	211 159	158 259
Other receivables	33 446	29 043
OTHER RECEIVABLES	**249 612**	**201 398**
Prepaid expenses and accrued income	8 206	4 136
TOTAL PREPAID EXPENSES, ACCRUED INCOME AND OTHER RECEIVABLES	**257 818**	**205 534**

Receivables from factors (► see Note 6.8) consist of dilution reserves of TEUR 105 138 (previous year: TEUR 96 996) from ongoing sales of receivables and within the scope of credit lines callable claims of TEUR 106 021 (previous year: TEUR 61 263).

Other receivables consist mainly of receivables from vendors.

5.5
PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	Land and buildings	Equipment	Other property, plant and equipment	**Total**
JANUARY 1, 2016	**64 982**	**12 889**	**11 244**	**89 115**
Additions	291	3 218	4 014	7 523
Effect of acquisitions	0	0	250	250
Disposals	0	–15	–180	–195
Reclassifications	–2	–681	683	0
Depreciation	–2 420	–4 219	–3 793	–10 432
Exchange differences	140	–568	46	–382
DECEMBER 31, 2016	**62 991**	**10 624**	**12 264**	**85 879**
OVERVIEW AS AT DECEMBER 31, 2016				
Acquisition costs	76 530	32 800	32 850	142 180
Accumulated depreciation/impairment	–13 539	–22 176	–20 586	–56 301
DECEMBER 31, 2016	**62 991**	**10 624**	**12 264**	**85 879**
Of which finance leases	0	1 456	0	1 456
JANUARY 1, 2015	**53 952**	**21 627**	**10 072**	**85 651**
Additions	854	5 432	4 061	10 347
Effect of acquisitions	4 047	1 264	336	5 647
Disposals	0	–5 817	–449	–6 266
Reclassifications	4 653	–4 891	238	0
Depreciation	–2 301	–4 860	–3 543	–10 704
Exchange differences	3 777	134	529	4 440
DECEMBER 31, 2015	**64 982**	**12 889**	**11 244**	**89 115**
OVERVIEW AS AT DECEMBER 31, 2015				
Acquisition costs	76 168	39 217	29 884	145 269
Accumulated depreciation/impairment	–11 186	–26 328	–18 640	–56 154
DECEMBER 31, 2015	**64 982**	**12 889**	**11 244**	**89 115**
Of which finance leases	0	1 943	0	1 943

Land and buildings comprises land and buildings used for operational purposes.

In 2015, disposals are mainly a result of the derecognition of ALSO Logistics Services GmbH.

Gains from the sale of property, plant, and equipment are recognized in other operating income and amount to TEUR 22 (previous year: TEUR 33).

5.6
INTANGIBLE ASSETS

EUR 1 000	Goodwill	Customer lists	Other intangible assets	Total
JANUARY 1, 2016	**140 878**	**4 351**	**11 022**	**156 251**
Additions	0	0	5 828	5 828
Effect of acquisitions	7 992	346	0	8 338
Disposals	0	0	0	0
Amortization	0	−2 474	−4 610	−7 084
Exchange differences	788	−24	547	1 311
DECEMBER 31, 2016	**149 658**	**2 199**	**12 787**	**164 644**
OVERVIEW AS AT DECEMBER 31, 2016				
Acquisition costs	149 658	5 917	34 059	189 634
Accumulated amortization/impairment	0	−3 718	−21 272	−24 990
DECEMBER 31, 2016	**149 658**	**2 199**	**12 787**	**164 644**
JANUARY 1, 2015	**139 633**	**16 662**	**11 710**	**168 005**
Additions	0	0	3 404	3 404
Effect of acquisitions	0	1 170	876	2 046
Disposals	0	0	−374	−374
Amortization	0	−14 424	−4 955	−19 379
Exchange differences	1 245	943	361	2 549
DECEMBER 31, 2015	**140 878**	**4 351**	**11 022**	**156 251**
OVERVIEW AS AT DECEMBER 31, 2015				
Acquisition costs	140 878	72 977	30 554	244 409
Accumulated amortization/impairment	0	−68 626	−19 532	−88 158
DECEMBER 31, 2015	**140 878**	**4 351**	**11 022**	**156 251**

In 2016, goodwill was increased by the acquisition of Bachmann Mobile Kommunikation AG.

With the exception of goodwill, no intangible assets with indefinite useful lives are capitalized. The average residual amortization period for the customer lists is two year. Other intangible assets consist mainly of software and licenses.

The carrying amount of the customer list that was identified in the merger of ALSO and Actebis in 2011 was amortized for the last time in January 2016.

5.7
IMPAIRMENT TEST

EUR 1 000	2016	2015
Carrying amount goodwill Central Europe	133 018	124 807
Carrying amount goodwill Northern/Eastern Europe	16 640	16 071
TOTAL GOODWILL	**149 658**	**140 878**
Discount rate (post tax) goodwill Central Europe	6.1 %	7.0 %
Discount rate (post tax) goodwill Northern/Eastern Europe	6.3 %	7.1 %
Growth rate sales revenue for residual value Central Europe	1.0 %	1.0 %
Growth rate sales revenue for residual value Northern/Eastern Europe	1.0 %	1.0 %
Expected average EBITDA margin Central Europe (residual value)	1.7 %	1.7 %
Expected average EBITDA margin Northern/Eastern Europe (residual value)	1.2 %	1.2 %

Goodwill is monitored and tested for impairment by means of value-in-use calculations of two groups of cash-generating units. The value in use is the present value of the discounted cash flows. It is based on planning assumptions over a three-year period, plus residual values which have been approved by Management. The discount rates applied, and the average growth rate in net sales, are set out in the above table.

The value-in-use calculation for the group of cash-generating units is sensitive to assumptions relating to the balance sheet structure, gross margin, and cost structure. The balance sheet structure and gross margin are derived from historical values as well as from strategic and economic changes. The cost structure is adapted to the expected gross margin.

The value in use is substantially higher than the reported net assets. Even a material change in the base data, e.g. a sustained deterioration in the gross margin, or a change in the balance sheet and cost structure, would not cause an impairment of the goodwill.

5.8
CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

EUR 1 000	2016 Carrying amount	2016 Interest rate	2015 Carrying amount	2015 Interest rate
CURRENT FINANCIAL LIABILITIES				
Bank loans	20 628	0.4 to 1.3 %	33 802	0.5 to 1.7 %
Finance lease	611	2.0 to 3.0 %	882	2.0 to 3.0 %
Liabilities from factoring	4 685	0.5 to 0.5 %	25 651	1.0 to 1.4 %
Contingent consideration from acquisitions of subsidiaries	2 763		6 444	
Third-party loans	99		284	
TOTAL CURRENT FINANCIAL LIABILITIES	**28 786**		**67 063**	
NON-CURRENT FINANCIAL LIABILITIES				
Bank loans	59 613	0.7 to 3.0 %	60 900	0.7 to 5.3 %
Bonded loan	130 222	2.1 to 2.8 %	126 096	2.1 to 3.0 %
Finance lease	1 003	2.0 to 3.0 %	1 202	2.0 to 3.0 %
Third-party loans	1 793		1 031	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**192 631**		**189 229**	
TOTAL FINANCIAL LIABILITIES	**221 417**		**256 292**	

COVENANTS

Certain financial liabilities are subject to covenant clauses, under which stipulated financial key figures must be attained. As at December 31, 2016, all covenants were met.

5.9
ACCRUED EXPENSES, DEFERRED INCOME AND OTHER PAYABLES

EUR 1 000	2016	2015
ACCRUED EXPENSES AND DEFERRED INCOME	**47 343**	**43 027**
Miscellaneous tax payables	91 951	77 616
Liabilities from factoring (continuing involvement)	47 667	53 482
Accrued interest from factoring	621	669
Other payables to third parties	8 201	9 059
Other payables to related parties (see Note 6.6)	198	219
OTHER PAYABLES	**148 638**	**141 045**
TOTAL ACCRUED EXPENSES, DEFERRED INCOME AND OTHER PAYABLES	**195 981**	**184 072**

Accrued expenses, deferred income, and other payables are recognized in the statement of financial position at nominal value. They comprise short-term expense accruals and deferred income relating to revenue for subsequent accounting periods already received, as well as accruals for services not yet invoiced. Tax payables include value added and other tax liabilities.

For liabilities from factoring, please ► refer to Notes 6.8.

5.10
PROVISIONS

EUR 1 000	Guarantees, returned goods, complaints	Litigations	Restructuring	Other provisions	Total
JANUARY 1, 2016	**3 399**	**700**	**14**	**7 544**	**11 657**
Creation	2 696	390	0	1 766	4 852
Utilization	–2 823	–21	–14	–4 674	–7 532
Release	0	0	0	–231	–231
Exchange differences	2	0	0	–48	–46
DECEMBER 31, 2016	**3 274**	**1 069**	**0**	**4 357**	**8 700**
Current provisions	2 531	1 069	0	859	4 459
Non-current provisions	743	0	0	3 498	4 241
TOTAL 2016	**3 274**	**1 069**	**0**	**4 357**	**8 700**
JANUARY 1, 2015	**3 964**	**1 325**	**69**	**5 833**	**11 191**
Creation	2 544	167	0	3 186	5 897
Effect of acquisitions	99	0	0	1 438	1 537
Utilization	–3 224	–444	–55	–2 672	–6 395
Release	0	–348	0	–249	–597
Exchange differences	16	0	0	8	24
DECEMBER 31, 2015	**3 399**	**700**	**14**	**7 544**	**11 657**
Current provisions	2 823	694	14	3 944	7 475
Non-current provisions	576	6	0	3 600	4 182
TOTAL 2015	**3 399**	**700**	**14**	**7 544**	**11 657**

There is an existing guarantee provision for the amount of TEUR 3 274 for the risk of expenses that have not yet occurred but which are expected to occur before the end of the guarantee period that was granted. It is expected that the greater part of the provision will be utilized in the next fiscal year, or at the latest within two years.

The provisions for litigation contain claims for damages as well as legal costs for various pending court cases. For significant parts of the litigation, a settlement is expected in the next fiscal year.

Other provisions contain long-service benefits, other employee allowances, and provisions for various risks. Utilization normally takes place within five years.

The creation of other provisions in 2015 and in 2016 respectively and the utilization in 2016 related mainly to expected costs in relation to ALSO Logistics Services GmbH.

Utilization of other provisions in 2015 related mainly to the result of tax audits. The corresponding provision was created in 2014.

5.11
EQUITY

As at December 31, 2016, the number of registered shares each with a nominal value of CHF 1.00 per share totaled 12 848 962. The share capital is unchanged compared to 2015.

Authorized and conditional share capital comprises 2 500 000 shares with a nominal value of CHF 1.00 per share.

TREASURY SHARES

	Number	Value EUR 1 000
JANUARY 1, 2016	**28 089**	**1 194**
Additions	0	0
Disposals	0	0
DECEMBER 31, 2016	**28 089**	**1 194**
JANUARY 1, 2015	**28 089**	**1 194**
Additions	0	0
Disposals	0	0
DECEMBER 31, 2015	**28 089**	**1 194**

MAJOR SHAREHOLDERS

	12.31.2016	12.31.2015
Special Distribution Holding GmbH, Düsseldorf (Germany) */**	51.30 %	51.30 %
Schindler Pars International Ltd., Hergiswil (Switzerland) **/***	7.60 %	27.97 %
Bestinver Gestion, S.G.I.I.C., S.A. Madrid (Spain)	5.96 %	5.97 %
SaraSelect, c/o J. Safra Sarasin Investmentfonds AG, Basel (Switzerland)	4.00 %	3.00 %
LB(Swiss) Investment AG, Zürich (Switzerland)	3.93 %	3.18 %

Source: Share register as of December 31 (without nominees)
* Controlling shareholder: Walter P.J. Droege through Droege International Group AG
** Acted together as group of shareholders until September 15, 2016
*** Held 100 percent by Schindler Holding AG

REGULATIONS REGARDING THE RESTRICTED TRANSFERABILITY OF SHARES

In accordance with Art. 5 of the Articles of Association, the Board of Directors may refuse to register an acquirer of shares as a full shareholder (i.e. as a shareholder with voting rights) unless the acquirer expressly declares that they have acquired the shares in their own name and on their own account.

RETAINED EARNINGS

The distribution of retained earnings is subject to restrictions:

- Special reserves of ALSO Holding AG can only be distributed after a corresponding resolution by the Annual General Meeting.
- The reserves of subsidiaries are first distributed to the parent company in accordance with local tax regulations and legislation.

OPTING-OUT

The Articles of Association contain an opting-out clause.

5.12
OTHER RESERVES

EUR 1 000	Cash flow hedge reserve	Exchange differences	Remeasurement of defined benefit plans	Total other reserves
JANUARY 1, 2016	**−4 884**	**2 871**	**−15 213**	**−17 226**
Net profit Group	0	0	0	0
Other comprehensive income	1 107	1 935	5 327	8 369
TOTAL COMPREHENSIVE INCOME	**1 107**	**1 935**	**5 327**	**8 369**
Distributions to shareholders	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
DECEMBER 31, 2016	**−3 777**	**4 806**	**−9 886**	**−8 857**
JANUARY 1, 2015	**−5 339**	**1 038**	**−11 387**	**−15 688**
Net profit Group	0	0	0	0
Other comprehensive income	455	1 833	−3 826	−1 538
TOTAL COMPREHENSIVE INCOME	**455**	**1 833**	**−3 826**	**−1 538**
Distributions to shareholders	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
DECEMBER 31, 2015	**−4 884**	**2 871**	**−15 213**	**−17 226**

5.13
EARNINGS PER SHARE/DIVIDEND PER SHARE

		2016	2015
NET PROFIT GROUP	**EUR**	**83 382 000**	**63 143 000**
Shares issued (weighted)	Number of shares	12 848 962	12 848 962
Less treasury shares (weighted)	Number of shares	– 28 089	– 28 089
Available shares for calculation (weighted)	Number of shares	12 820 873	12 820 873
BASIC EARNINGS PER SHARE	**EUR**	**6.50**	**4.93**
DILUTED NET PROFIT GROUP	**EUR**	**83 382 000**	**63 143 000**
Shares issued (weighted) for calculation	Number of shares	12 820 873	12 820 873
Adjustment for dilution from options	Number of shares	590	461
Diluted shares	Number of shares	12 821 463	12 821 334
DILUTED EARNINGS PER SHARE	**EUR**	**6.50**	**4.92**

The company has 28 089 treasury shares in its portfolio. In the above table, these treasury shares are deducted from the total number of shares outstanding. The diluted figures include the effect of the option program.

The Board of Directors will propose to the Annual General Meeting on March 21, 2017, that a distribution to shareholders for the amount of TCHF 28 847 (CHF 2.25 per share) be paid for the financial year 2016. In the prior year, a distribution to shareholders was made for the amount of TCHF 24 360 (CHF 1.90 per share).

5.14 INVESTMENTS IN ASSOCIATES

EUR 1 000	2016	2015
JANUARY 1	**1 291**	**1 083**
Share of income of associates	445	522
Dividends from associates	– 455	– 422
Disposals	– 1 287	0
Exchange differences	6	108
DECEMBER 31	**0**	**1 291**

Concerning the disposal of investments in associates, please ► refer to Note 3.

6. FURTHER INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 CONTINGENT LIABILITIES

At ALSO Deutschland GmbH, lawsuits were pending associated with alleged infringements of MP3 patents of a plaintiff. These related to various products and vendors. According to the relevant stipulations of patent law, ALSO Deutschland GmbH beard joint and several liability. In 2016 the last involved vendor could reach agreement with the patent owners and all claims against ALSO Deutschland GmbH were withdrawn. No negative consequences occurred for ALSO.

ALSO Deutschland GmbH has received a written demand for information and payment of copyright fees on external hard disks in connection with a tariff that was published in Germany on November 3, 2011. This was the first time that a tariff was published for this category of device. The tariff relates to various products and vendors. The tariff has been applied retroactively as of January 1, 2008, and relates to various different types of products. The amount of the fees ranges from EUR 5.00 for simple external hard disks to EUR 34.00 for multimedia hard disks. The demand was decided upon by the responsible arbitration body. The settlement proposal provides for considerably lower tariffs for the period from 2008 to 2010. The settlement proposal has not been accepted by any of the parties to the dispute. An appeal has been lodged and the proceedings are now being continued at the Munich Higher Regional Court. The current state of proceedings therefore does not allow for a different assessment from that of the previous year.

According to the majority opinion of the vendors, distributors, Bitkom, and their legal advisors, it is unlikely that the tariff can be applied retrospectively. It is highly probable that the legal conditions for a retrospective publication to be effective are not fulfilled. A liability of ALSO Deutschland GmbH for the period from January 1, 2008, to November 3, 2011, has therefore not been recognized in the statement of financial position. Should this opinion prove false, and the tariffs be applied retrospectively, this would have a material effect on the capital, financial and income situation of the ALSO Group.

The amount of the tariffs after publication starting from 2011 is also disputed. ALSO Deutschland GmbH has recognized the published tariffs in the statement of financial position for this period.

In the reporting year, ALSO Deutschland GmbH was able to carry out the allocation of individual items to product types, which was previously possible only to a limited extent, with additional information from the vendors concerned, and thus reduced the previous uncertainty with regard to product classifications for the external hard disks sold in the period from January 1, 2008 to November 3, 2011.

In order to avoid drawn-out legal proceedings, we generally consider it possible that like in other comparable cases vendors, distributors, and Bitkom (industry association) may reach an agreement with the copyright collecting agencies on tariffs in the sense of an overall solution for the retroactive period and the period after publication. If such an agreement is reached, then based on studies to date and taking account of the amounts already recognized in the statement of financial position its impact on the ALSO Group's net profit and equity could vary between income of EUR 3 million and expense of EUR 12 million, depending on the assumptions made.

6.2 FINANCIAL INSTRUMENTS

HEDGING TRANSACTIONS

EUR 1 000	Contract value	Replacement value		Risk	Hedging instruments
		Positive	Negative		
Cash Flow Hedge	243 000	0	4 394	Interest	Interest rate swap
TOTAL DECEMBER 31, 2016	**243 000**	**0**	**4 394**		
Cash Flow Hedge	159 000	0	5 243	Interest	Interest rate swap
TOTAL DECEMBER 31, 2015	**159 000**	**0**	**5 243**		

Various cash flow hedges (interest rate swaps) became ineffective or had to be restructured in 2016 and in 2015 due to negative interest rates. As a result of this ineffectiveness or restructuring, measurement changes have therefore been recognized directly in financial result since these cash flow hedges became ineffective or were restructured. This resulted in financial income of TEUR 1 034 (previous year: TEUR 566). Furthermore, these hedging transactions were reclassified from equity to financial expenses in the amount of TEUR 959 (previous year: TEUR 657).

For further information about hedging transactions please ► see Note 6.7.

CLASSES OF FINANCIAL INSTRUMENTS 2016

EUR 1 000	Loans and receivables	At fair value through profit or loss	Amortized cost	Hedge accounting	Non-financial instruments	**Carrying amount 12.31.2016**
FINANCIAL ASSETS						
Trade receivables (Note 5.2)	583 508					**583 508**
Prepaid expenses, accrued income and other receivables (Note 5.4)	244 605				13 213	**257 818**
Financial assets	1 413					**1 413**
Current derivative financial instruments		101				**101**
FINANCIAL LIABILITIES						
Financial liabilities (Note 5.8)		2 763	218 654			**221 417**
Trade payables			862 688			**862 688**
Accrued expenses, deferred income and other payables (Note 5.9)			56 687		139 294	**195 981**
Current derivative financial instruments		822		348		**1 170**
Non-current derivative financial instruments		557		4 046		**4 603**

In 2016, the net gain from financial instruments measured at fair value through profit or loss (mainly forward exchange contracts, options and contingent considerations from acquisitions) amounted to TEUR 5 682.

The carrying amount of the financial instruments is essentially the fair value.

CLASSES OF FINANCIAL INSTRUMENTS 2015

EUR 1 000	Loans and receivables	At fair value through profit or loss	Amortized cost	Hedge accounting	Non-financial instruments	**Carrying amount 12.31.2015**
FINANCIAL ASSETS						
Trade receivables (Note 5.2)	543 207					**543 207**
Prepaid expenses, accrued income and other receivables (Note 5.4)	187 302				18 232	**205 534**
Financial assets	196					**196**
Current derivative financial instruments		1 646				**1 646**
FINANCIAL LIABILITIES						
Financial liabilities (Note 5.8)		6 444	249 848			**256 292**
Trade payables			765 896			**765 896**
Accrued expenses, deferred income and other payables (Note 5.9)			63 429		120 643	**184 072**
Current derivative financial instruments		429				**429**
Non-current derivative financial instruments		4 387		5 243		**9 630**

In 2015, the net gain from financial instruments measured at fair value through profit or loss (mainly forward exchange contracts, options and contingent considerations from acquisitions) amounted to TEUR 3 439.

The carrying amount of the financial instruments is essentially the fair value.

FAIR VALUE HIERARCHY

ALSO applies the following measurement hierarchy to determine the fair value of financial instruments:

Level 1: Listed, unchanged market price in active markets.

Level 2: Measurement methods in which all assumptions that have a material impact on the fair value are indirectly or directly available.

Level 3: Measurement methods with assumptions that have a material impact on the fair value which are not publicly available.

FAIR VALUE OF THE FINANCIAL INSTRUMENTS 2016

EUR 1 000	Level 1	Level 2	Level 3	Fair value 12.31.2016
FINANCIAL ASSETS				
Current derivative financial instruments		101		**101**
Forward exchange contracts		*101*		***101***
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries			−2 763	**−2 763**
Current derivative financial instruments		−1 170		**−1 170**
Forward exchange contracts		*−822*		***−822***
Interest rate swaps		*−348*		***−348***
Non-current derivative financial instruments		−4 603		**−4 603**
Interest rate swaps		*−4 603*		***−4 603***
TOTAL FINANCIAL LIABILITIES LEVEL 3			**−2 763**	

FAIR VALUE OF THE FINANCIAL INSTRUMENTS 2015

EUR 1 000	Level 1	Level 2	Level 3	Fair value 12.31.2015
FINANCIAL ASSETS				
Current derivative financial instruments		77	1 569	**1 646**
Forward exchange contracts		*77*		***77***
Call options			*1 569*	***1 569***
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries			−6 444	**−6 444**
Current derivative financial instruments		−276	−153	**−429**
Forward exchange contracts		*−276*		***−276***
Put options on non-controlling interests			*−153*	***−153***
Non-current derivative financial instruments		−6 462	−3 168	**−9 630**
Interest rate swaps		*−6 462*		***−6 462***
Put options on non-controlling interests			*−3 168*	***−3 168***
TOTAL FINANCIAL LIABILITIES LEVEL 3			**−8 196**	

RECONCILIATION OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1 000	2016	2015
JANUARY 1	**–8 196**	**–848**
Recognition of contingent consideration from the acquisition of subsidiaries	0	–4 827
Fair value adjustments of contingent consideration from the acquisition of subsidiaries recognized in financial result	239	–110
Fair value adjustments of call options in financial result	0	843
Exercise of call options	–1 573	0
Fair value adjustments/recognition of put options recognized in equity	3 168	–3 168
Fair value adjustments of put options recognized in personnel expenses	153	0
Payment of contingent consideration from acquisitions of subsidiaries	3 348	0
Exchange differences	98	–86
DECEMBER 31	**–2 763**	**–8 196**

In 2016 and 2015 respectively, there were no transfers of financial instruments between Level 1 and Level 2. There were also no transfers into or out of Level 3.

MEASUREMENT TECHNIQUES OF FINANCIAL INSTRUMENTS WITHIN LEVEL 2

Forward exchange contracts are measured based on observable forward rates and spot rates and are recognized at their positive or negative replacement value. Interest rate swaps are measured based on the net present value of observable forward rates and recognized in the statement of financial position at their positive or negative replacement value respectively.

MEASUREMENT TECHNIQUES OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

The fair value of contingent considerations from the acquisition of subsidiaries, put options on shares of non-controlling interests and call options is calculated based on contractually agreed measurement methods. These calculations are based on the expected future operating profits of subsidiaries and, therefore, depend on assumptions that are neither directly nor indirectly observable in the market. The expected future operating profits are based on medium-term plans which cover a period of three years. Those plans are reviewed by the management of ALSO.

A change in the underlying expected future profits would have the following effect on the fair value:

SENSITIVITY OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1 000	2016	2015
5 % increase in the expected future results	0	–233
5 % reduction in the expected future results	0	208

6.3
PLEDGED OR ASSIGNED ASSETS SERVING AS COLLATERAL FOR OWN LIABILITIES

EUR 1 000	2016	2015
Inventories	21 003	35 411
Property, plant and equipment	23 861	24 842
TOTAL ASSETS PLEDGED	**44 864**	**60 253**

The property, plant, and equipment shown above has been pledged as collateral against existing mortgages in Switzerland, Austria and Poland. The inventories have been pledged as collateral against trade payables in Finland.

6.4
RENTAL AND LEASING COMMITMENTS

PAYMENTS FOR FIXED-TERM CONTRACTS (OPERATING LEASE)

EUR 1 000	2016	2015
Due in 1st year	22 828	21 450
Due in 2nd - 5th year	48 203	48 352
Due from the 6th year onwards	22 603	30 522

Rental agreements for some buildings of the ALSO Group include options to extend the rental period.

PAYMENTS FOR FIXED-TERM CONTRACTS (FINANCE LEASE)

EUR 1 000	2016	2015
Due in 1st year	659	925
Due in 2nd – 5th year	1 034	1 242
	1 693	**2 167**
Minus interest expense component	– 79	– 83
TOTAL FINANCIAL DEBT FROM FINANCE LEASE (NOTE 5.8)	**1614**	**2084**
Of which current	611	882
Of which non-current	1 003	1 202

The finance leases mainly comprise IT systems and printers in Germany and Switzerland.

CASH RECEIPTS AS LESSOR

EUR 1 000	2016	2015
Due in 1st year	477	533
Due in 2nd – 5th year	1 184	1 625
Due from the 6th year onwards	190	223

Individual companies of the ALSO Group act as lessor for office and warehouse space for indefinite terms. The leases can be terminated at 2 or 15 months' notice.

6.5 SUBSIDIARIES

Country	Head office	Company	Participation* 12.31.2016	Participation* 12.31.2015	Share capital in 1 000	Currency	Code
Switzerland	Emmen	ALSO Holding AG			12 849	CHF	S
	Emmen	ALSO Schweiz AG	100 %	100 %	100	CHF	D
	Thun	NRS Printing Solutions AG	100 %	100 %	100	CHF	S
	Emmen	Quatec AG	100 %	100 %	100	CHF	S
	Stans	Bachmann Mobile Kommunikation AG	100 %	30 %	100	CHF	S
Denmark	Tåstrup	ALSO A/S	100 %	100 %	39 000	DKK	D
Germany	Soest	ALSO Deutschland GmbH	100 %	100 %	20 000	EUR	D
	Osnabrück	NT plus GmbH	100 %	100 %	12 500	EUR	D
	Osnabrück	SEAMCOM GmbH & Co. KG	100 %	100 %	203	EUR	D
	Osnabrück	SEAMCOM Verwaltungs GmbH	100 %	100 %	26	EUR	S
	Straubing	ALSO MPS GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann.de GmbH	100 %	100 %	200	EUR	S
	Berlin	LumIT GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO IS GmbH	100 %	100 %	100	EUR	S
	Soest	ALSO IH GmbH	100 %	100 %	25	EUR	S
	Soest	Impaso Online Services GmbH	100 %	100 %	25	EUR	S
	Staufenberg	Fulfilment Plus GmbH	100 %	100 %	50	EUR	S
	Pullach i. Isartal	SINAS Beteiligungs GmbH & Co. Vermietungs-KG **	0 %	0 %	9	EUR	S
	Soest	MEDIUM GmbH	100 %	80 %	25	EUR	D
	Frankfurt am Main	Pestinger GmbH	74.8 %	74.8 %	26	EUR	D
	Stuttgart	Beamer & more GmbH	51 %	51 %	25	EUR	D
	Berlin	ALSO Enterprise Services GmbH	100 %	100 %	100	EUR	S
	Berlin	ALSO bringback GmbH	100 %	100 %	25	EUR	S
	Berlin	Webinstore AG	99.99 %	99.99 %	500	EUR	S
	Soest	ALSO Mobility Services GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO Logistics Services GmbH i. L. ***	100 %	100 %	25	EUR	S
Finland	Tampere	ALSO Nordic Holding Oy	100 %	100 %	10 000	EUR	S
	Tampere	ALSO Finland Oy	100 %	100 %	841	EUR	D
	Helsinki	ALSO Cloud Oy	100 %	100 %	11	EUR	S
	Helsinki	ALSO Cloud Solutions Oy	100 %	100 %	3	EUR	S
France	Gennevilliers	ALSO France S.A.S.	100 %	100 %	14 500	EUR	D
	Gennevilliers	LAFI Logiciels Application Formation Information S.A.S.	100 %	100 %	400	EUR	S
Netherlands	Nieuwegein	ALSO Nederland B.V.	100 %	100 %	1 000	EUR	D

Country	Head office	Company	Participation* 12.31.2016	Participation* 12.31.2015	Share capital in 1 000	Currency	Code
	Nijmegen	ALSO Digital Holding B.V.	51 %	51 %	18	EUR	S
	Nijmegen	ALSO Digital B.V.	100 %	100 %	18	EUR	S
	Nijmegen	ALSO International B.V. (formerly Alpha International B.V.)	100 %	100 %	18	EUR	D
Norway	Sandefjord	ALSO AS	100 %	100 %	11 063	NOK	D
Estonia	Tallinn	ALSO Eesti OÛ	100 %	100 %	192	EUR	D
Latvia	Mārupe	SIA "ALSO Latvia"	100 %	100 %	1 210	EUR	D
	Riga	ALSO Cloud Latvia SIA	100 %	–	100	EUR	S
Lithuania	Kaunas	UAB "ALSO Lietuva"	100 %	100 %	1 883	EUR	D
Austria	Gross- Enzersdorf	ALSO Austria GmbH	100 %	100 %	100	EUR	D
Poland	Warsaw	ALSO Polska sp. z o.o.	99.99 %	99.99 %	41 705	PLN	D
	Goleniow	MLS sp. z o.o.	100 %	100 %	5 000	PLN	D
	Goleniow	Blue Bridge sp. z o.o.	100 %	100 %	100	PLN	S
	Szczecin	iTerra sp. z o.o.	100 %	100 %	3 250	PLN	D
Sweden	Malmö	ALSO Sweden AB	100 %	100 %	1 000	SEK	D
Slovenia	Ljubljana	ALSO d.o.o.	100 %	–	8	EUR	S

Codes: D = Distribution; S = Service/Holding company
* Participation equals ALSO Holding AG's direct or indirect voting interest in the company.
** Regarding the consolidation of SINAS Beteiligungs GmbH & Co. Vermietungs-KG, please refer to Note 2.5
*** Regarding the consolidation of ALSO Logistics Services GmbH, please refer to Note 2.5

6.6 TRANSACTIONS WITH RELATED PARTIES

Existing receivables and payables at the reporting date are unsecured. In 2016 no impairments of receivables were necessary. In 2015 receivables from ALSO Logistics Services GmbH were impaired in the amount of TEUR 13 631. There are no guarantees, pledges, or other contingent liabilities in favor of related parties. The following transactions and volumes took place with related parties:

TRANSACTIONS WITH PRINCIPAL SHAREHOLDERS

EUR 1 000	2016	2015
Net sales to Droege Group	82	9 618
Operating expenses Droege Group	−3 197	−6 132
Trade receivables Droege Group	14	15
Trade payables Droege Group (Note 5.9)	−198	−219

The distributions of TEUR 11 484 to Droege that were decided at the General Meeting of March 17, 2016 were paid on March 24, 2016.

LIABILITIES TO ALSO PENSION FUND

EUR 1 000	2016	2015
ALSO Holding AG	−13	−15
ALSO Schweiz AG	−233	−266

TRANSACTIONS WITH KEY MANAGEMENT

EUR 1 000	2016	2015
Salaries*	4 132	3 946
Contributions to pension plans	234	228
Anniversary bonuses or other special payments	0	0
Retirement bonuses	0	0
Employee shares/options	0	0
TOTAL COMPENSATION	**4 366**	**4 174**

* Fixed compensation (salaries and flat-rate expenses), bonuses, Board of Directors' fees, employer contributions for social security, and other non-monetary benefits/reductions

OPTION CONDITIONS

Year of issue	Right to	Exercise period	Exercise price in CHF*	Market price then applicable in CHF*	**Open on 12.31.2016** Number
2011	Shares	May 1, 2014 to April 30, 2020	45.40	16.88	1 506
TOTAL					**1 506**

* In the interest of comparability, no conversion to euro was made.

In the reporting year, 2 201 options were exercised. At December 31, 2016, 1 506 options were exercisable. The options are valued according to the Hull-White model, which explicitly takes account of the effects of the restriction period and of an early exercise of the options. The fair value of the options was recognized in profit and loss, and one third (vesting period) was charged to personnel expenses, lastly in 2013.

6.7 FINANCIAL RISK MANAGEMENT

PRINCIPLES OF RISK MANAGEMENT

In relation to its financial assets and liabilities, ALSO is exposed to special risks arising from changes in exchange rates and interest rates. In addition to these market risks, there are also liquidity and credit risks. The objective of financial risk management is to control and limit these market risks by ongoing operational and financial activities. For this purpose, and depending on the estimated risk, selected hedging instruments are used. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trading or speculative purposes. To minimize the default risk, the material hedging transactions are only entered into with leading financial institutions.

At regular intervals, the appropriateness of the risk management and the internal control system is reviewed by the Board of Directors and modified if necessary. This ensures that the Board of Directors and the Group Management are completely and promptly informed of material risks. In addition, monthly internal reports on the financial position of the company allow any risks arising from the ongoing business to be recognized as early as possible, and corresponding countermeasures to be initiated. For this purpose, Accounting and Controlling constantly adapt their reporting systems to changing conditions.

For optimal cash management, the management of liquidity not required for ongoing operations and the long-term financing of the Group is centralized. The treasury function also records, monitors, and controls financial risks based on information provided by the Board of Directors and Group Management.

CREDIT RISK

Credit risk is the risk of economic loss resulting from a counterparty being unable or unwilling to fulfil its contractual payment obligations. Credit risk thus includes not only the immediate default risk, but also the risk of a worse credit rating along with the risk of concentration of individual risks.

In its operational business, as well as in some of its financing activities, ALSO is exposed to a default risk. In the financial area, ALSO manages the resulting risk position by the diversification of financial institutions and by verification of the financial strength of each counterparty based on publicly available ratings, as well as on publicly available ad-hoc information about the financial institutions.

CREDIT QUALITY 2016

EUR 1 000	AA–	A+	A	BBB+	BBB	No rating	Total
Cash and cash equivalents (Note 5.1)	2 553	739	3 162	37 106	5 717	6 200	**55 477**
Receivables from factoring (Note 5.4)	12 891	0	139 493	10 856	13 512	34 407	**211 159**
	6 %	0 %	54 %	18 %	7 %	15 %	**100 %**

Receivables from factoring with a rating from Moody's of Aa3 in the amount of TEUR 21 471 and with a rating of Baa1 in the amount of TEUR 12 222 respectively are included in the category "no rating".

CREDIT QUALITY 2015

EUR 1 000	AA–	A+	A	BBB+	BBB	No rating	Total
Cash and cash equivalents (Note 5.1)	928	102	6 031	29 762	1 986	1 191	**40 000**
Receivables from factoring (Note 5.4)	23 183	69 102	33 570	2 257	9 195	20 952	**158 259**
	12 %	35 %	20 %	16 %	6 %	11 %	**100 %**

Receivables from factoring with a rating from Moody's of A1 in the amount of TEUR 20 952 are included in the category "no rating".

The credit quality of financial institutions is displayed based on public ratings by Standard & Poor's. The rating code is a letter code that indicates the default risk of a debtor (country, company) and hence allows easy assessment of its creditworthiness. An independent, statistically determinable and validatable probability of default can be assigned to each rating code.

AAA Risk of default is virtually zero.
AA Safe investment, with slight risk of default.
A The investment is safe provided that no unforeseen eventualities impair the overall economy or the industry.
BBB The investment is sufficient save but more dependent on economic developments than the above categories
< BBB Mainly investments for which no public rating exists.

Ratings may be modified by the addition of a plus (+) or minus (–) sign to move the rating up or down within the rating group.

At the reporting date, no value adjustments were necessary on cash and cash equivalents or receivables from factors.

In the operational area, ALSO limits the default risk by constantly monitoring customers' credit ratings and setting credit limits based thereon. The operational companies of the Group have largely insured their open trade receivables by means of credit insurances. The credit insurances generally cover defaults for 85 to 95 % of the insured amounts. The residual credit default risk on trade receivables is therefore considered by ALSO to be limited, particularly since it is further minimized by the large number of customers and their wide geographical distribution. In addition, to further reduce default risks, certain receivables were completely sold.

Resulting from this sale are receivables from factors amounting to TEUR 211 159 (previous year: TEUR 158 259) (► see Note 5.4), which are spread over several factoring partners. The largest receivable from a single factoring partner is for TEUR 86 294 (previous year: TEUR 54 300). During the long-standing business relationships with the factoring companies, no losses on receivables have occurred. The risk of loss on receivables from factoring partners is not insured with credit insurances. The default risk of loss is minimized by ALSO through regular evaluation of the factoring partners.

Receivables which have not been sold, and for which payment is in arrears, are impaired by individual amounts based on recent experience. Experience from the past indicates that this risk can be considered to be low (► see also Note 5.2). The maximum credit risk (including derivative financial instruments with a positive market value) is represented by the carrying amounts of the financial assets. ALSO has not issued any financial guarantees in favor of third parties.

LIQUIDITY RISKS

The central liquidity risk management system ensures that the Group is always in a position to fulfil its payment obligations promptly. ALSO continuously monitors its liquidity with a detailed cash flow plan on a daily basis. Extensive planning ensures furthermore that sufficient liquidity is available in the medium and long term.

ALSO's objective is to obtain liquidity corresponding to the necessary timing. Since the main requirement for finance is to cover the operational business activities, which are subject to large seasonal fluctuations, over the year as a whole most of the sources of funds are short-term. The necessary funds are mainly obtained by selling existing receivables to factoring companies and supplemented by bank lines of credit that are available at short notice. At the reporting date, the unutilized available credit lines with banks amounted to EUR 334 million (previous year: EUR 321 million).

The following table shows the financial liabilities of the Group by expiration date. The information is based on contractually agreed undiscounted interest and amortization payments. Forward purchases and sales of foreign currencies are not included in the financial derivatives. Since the forward transactions do not cause any net negative cash flow, they do not present a liquidity risk to ALSO.

FINANCIAL LIABILITIES BY EXPIRATION DATE 2016

EUR 1 000	Carrying amount 12.31.2016	Total cash flow	Up to 1 year	1 to 5 years	More than 5 years
Trade payables	862 688	862 688	862 688	0	0
Other liabilities	56 687	56 687	56 687	0	0
Loans from banks and third parties and bonded loans	212 355	223 065	24 569	197 004	1 492
Liabilities from factoring	4 685	4 688	4 688	0	0
Contingent consideration from the acquisition of subsidiaries	2 763	2 763	2 763	0	0
Finance lease	1 614	1 693	659	1 034	0
TOTAL	**1 140 792**	**1 151 584**	**952 054**	**198 038**	**1 492**
DERIVATIVE FINANCIAL INSTRUMENTS					
Interest rate swaps (net)		4 738	2 513	2 225	0

FINANCIAL LIABILITIES BY EXPIRATION DATE 2015

EUR 1 000	Carrying amount 12.31.2015	Total cash flow	Up to 1 year	1 to 5 years	More than 5 years
Trade payables	765 896	765 896	765 896	0	0
Other liabilities	63 429	63 429	63 429	0	0
Loans from banks and third parties and bonded loans	222 113	236 683	37 883	146 691	52 109
Liabilities from factoring	25 651	25 774	25 774	0	0
Contingent consideration from the acquisition of subsidiaries	6 444	6 444	6 444	0	0
Finance lease	2 084	2 167	925	1 242	0
TOTAL	**1 085 617**	**1 100 393**	**900 351**	**147 933**	**52 109**
DERIVATIVE FINANCIAL INSTRUMENTS					
Put options	3 321	3 606	153	3 453	0
Interest rate swaps (net)		6 681	2 439	4 128	114

The table includes all instruments held on December 31, 2016 and 2015 respectively, for which payments had already been contractually agreed. Plan figures for future new liabilities are not included. Foreign currency amounts were translated at the year-end exchange rate. The variable interest payments from the financial instruments were calculated using the interest rates fixed at December 31, 2016 and 2015, respectively. Financial liabilities that can be repaid at any time are always assigned to the earliest maturity date, irrespective of the fact that the greater part of these financial liabilities is revolving.

INTEREST RATE RISKS

ALSO's interest rate risks relate mainly to current financial liabilities with variable interest rates. Interest rate fluctuations cause changes in the interest income and expense of the interest-bearing assets and liabilities. ALSO is particularly exposed to interest rate risks in EUR, CHF, and DKK.

The interest rate management is handled centrally. Short-term interest rate risks are only partially hedged, a material part of interest bearing-liabilities hence remaining exposed to interest rate fluctuations.

Taking into account the existing and planned debt structure, interest derivatives are used if necessary to meet the bandwidths recommended by central Group treasury and prescribed by management. Since ALSO uses fixed as well as variable interest-bearing instruments, interest risks may result from an increase as well as a decrease in market interest rates.

SENSITIVITY ANALYSIS

Interest rate risks are evaluated by means of sensitivity analyses. These sensitivity analyses demonstrate the effects of changes in market interest rates on unsecured variable interest expense and income, as well as on equity, when all other variables remain constant.

The change in the market interest rates affects the value and the effectiveness of the hedging instruments and therefore affects equity and the financial result. If the market interest rate on December 31, 2016 and 2015 respectively, had been 100 base points higher/lower, the effect would have been as follows:

SENSITIVITY OF INTEREST RATES 2016

EUR 1 000	Effect on the financial result	Effect on the equity
Market interest rates +100 bps	−3 292	2 919
Market interest rates −100 bps	−619	−2 919

SENSITIVITY OF INTEREST RATES 2015

EUR 1 000	Effect on the financial result	Effect on the equity
Market interest rates +100 bps	−4 834	+4 232
Market interest rates −100 bps	−3 048	−1 959

Because the market interest rates were slightly negative in 2016 and almost 0 percent in 2015, financing costs would not decrease further in the event of a reduction of 100 bps. The hedging instruments used by ALSO that are ineffective according to IFRS (► see Note 6.2) would even have an additional negative impact on the financial result. This is purely a valuation effect that does not result in any outflow of cash for ALSO.

This analysis is based on the assumption that the amount at the respective reporting date corresponds closely to the average amount utilized during the year.

EXCHANGE RATE RISKS

A material part of the cash flows of the operational companies occurs in currencies which are not the functional currencies of those subsidiaries. ALSO is therefore exposed to foreign currency risks. Foreign currency risks are only hedged if they affect the cash flow of the Group. Exchange rate risks that arise in the consolidated financial statements through the translation of statements of comprehensive income and statements of financial position of subsidiaries are not hedged.

In the purchasing area, a certain amount is conducted in foreign currencies, especially EUR (where it is not the functional currency) and in USD. To hedge this exchange rate risk, Central Treasury hedges the purchasing volumes of the operating companies outside their functional currency.

Group-internal loans between subsidiaries with different functional currencies give rise to foreign currency risks. ALSO hedges most of these risks. Speculative borrowing or lending in foreign currencies is not permitted.

Transaction-related foreign currency risks are also monitored and the corresponding net exposures in the various currencies are calculated.

By regular use of forward contracts, ALSO constantly reduces the exchange rate risk so that there is no material exchange rate risk to the Group. The table below shows the main unsecured net exposures of the Group at the end of 2016 and 2015 respectively. These usually reflect the open risks over the year.

UNHEDGED NET EXPOSURE

EUR 1 000	EUR/USD	EUR/SEK	EUR/CHF	EUR/GBP	EUR/PLN
December 31, 2016	35 687	9 488	10 006	4 536	8 502
December 31, 2015	19 527	15 869	8 680	1 076	6 418

SENSITIVITY ANALYSIS

If, on December 31, 2016 and 2015 respectively, the EUR had been 10 % stronger/weaker relative to the reporting date balances in those currencies, and all other variables had remained unchanged, the consolidated statement of comprehensive income and shareholders' equity (net, after tax) would have been TEUR 5 136 higher/lower (previous year: TEUR 3 652). The disclosed net exposures are mainly offset by inventories which are held in foreign currencies. Those inventories will be sold within a short period of time and would therefore largely compensate the effects explained above on the statement of comprehensive income.

Exchange differences resulting from the translation of entities whose functional currency is not the euro are not included in the sensitivity analysis.

CAPITAL MANAGEMENT

The overriding objective of capital management at ALSO is to maintain an appropriate equity base in order to preserve the trust of investors, customers, and the market, and to support future developments in the core business. The internal target value for the ratio of equity to total assets has been defined as 25 to 35 %.

The capital management serves to maintain an optimal Group-wide capital structure which not only gives ALSO sufficient financial flexibility, but also maintains a high credit rating.

The equity structure can be maintained or modified by means of the dividend policy, capital repayments, and, if necessary, capital increases.

The capital structure is monitored on the basis of the net financial debt and reported equity. Net financial debt comprises interest-bearing financial liabilities less cash and cash equivalents.

EUR 1 000	12.31.2016		12.31.2015	
Current financial liabilities	28 786		67 063	
Non-current financial liabilities	192 631		189 229	
TOTAL FINANCIAL LIABILITIES (NOTE 5.8)	**221 417**		**256 292**	
./. Cash and cash equivalents (Note 5.1)	−55 477		−40 000	
Net financial debt	165 940	9 %	216 292	12 %
Reported equity	565 181	30 %	492 814	28 %
Equity and net financial debt	731 121	39 %	709 106	40 %
TOTAL LIABILITIES AND EQUITY	**1 895 103**	**100 %**	**1 759 757**	**100 %**

6.8 FACTORING

ALSO has sold or assigned trade receivables to independent factoring companies. To the extent that a significant transfer of risk takes place, these transactions reduce the total receivables of the Group.

RECEIVABLES FULLY DERECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

If the sale of trade receivables transfers all material rewards and risks to the factoring company, under IAS 39 these receivables are fully derecognized and a corresponding receivable from the factoring company is recognized (► see Note 5.4).

Due to the contractual terms of the factoring program, ALSO is exposed to certain residual risks even after the trade receivables are sold. For the time period between maturity and payment of the sold receivables, ALSO is obliged to pay interest to the factoring company (interest risk for late payments).

RESIDUAL RISKS OF FULLY DERECOGNIZED RECEIVABLES

EUR 1 000	Carrying amount/fair value of loss risk	Theoretical maximum loss risk
Interest risk for late payment	92	1 367
TOTAL DECEMBER 31, 2016	**92**	**1 367**
Interest risk for late payment	88	1 472
TOTAL DECEMBER 31, 2015	**88**	**1 472**

Taking into account ongoing creditworthiness checks, the large number of customers, and their historical payment behavior, ALSO expects that interest of TEUR 92 (previous year: TEUR 88) for late payments will be due on sold receivables at December 31, 2016. Corresponding accruals for these amounts were therefore made at December 31, 2016 and 2015, respectively.

Should the theoretical case occur of default on payment of all receivables that have been sold, ALSO would have to pay interest to the factors for the time period between maturity of the sold receivables and a contractually agreed latest date. As at December 31, 2016, the theoretical maximum value at risk from this loss was estimated at TEUR 1 367 (previous year: TEUR 1 472).

RECEIVABLES NOT FULLY DERECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

In some agreements, neither complete transfer nor complete retention of the rewards and risks of the receivables can be assumed. Under these agreements, the trade receivables are not fully derecognized, and a residual amount remains recognized in the statement of financial position. Under IAS 39, this residual amount represents a so-called “continuing involvement”.

The trade receivables of TEUR 583 508 (previous year: TEUR 543 207, ► see Note 5.2) therefore contain a continuing involvement for the amount of TEUR 47 453 (previous year: TEUR 53 275).This is composed of the residual interest risk for late payments of TEUR 1 233 (previous year: TEUR 1 134), the residual credit risk of TEUR 37 907 (previous year: TEUR 38 440), and the residual exchange rate risk of TEUR 8 314 (previous year: TEUR 13 701).

Due to the continuing involvement, there is a corresponding obligation for the amount of TEUR 47 453 (previous year: TEUR 53 275), which is recognized in accrued expenses, deferred income and other payables. In addition, there is an accrual for the amount of TEUR 122 (previous year: TEUR 119) for the fair value of the residual risk of the continuing involvement. Only the change in the true uncollectibility and interest risk is recognized through profit and loss.

NET OBLIGATION 2016

EUR 1 000	Carrying amount/fair value
Asset from continuing involvement	47 453
Obligation from continuing involvement	47 575
NET OBLIGATION AT DECEMBER 31, 2016	**–122**

NET OBLIGATION 2015

EUR 1 000	Carrying amount/fair value
Asset from continuing involvement	53 275
Obligation from continuing involvement	53 394
NET OBLIGATION AT DECEMBER 31, 2015	**–119**

At the reporting date, the gross amount of these sold receivables with continuing involvement was TEUR 470 548 (previous year: TEUR 429 768).

LIABILITY FROM FACTORING 2016

EUR 1000	Fair value of the remaining risk	Obligation from continuing involvement	Total liability from factoring
Receivables fully derecognized	92	0	92
Receivables not fully derecognized	122	47 453	47 575
DECEMBER 31, 2016 (NOTE 5.9)	**214**	**47 453**	**47 667**

LIABILITY FROM FACTORING 2015

EUR 1000	Fair value of the remaining risk	Obligation from continuing involvement	Total liability from factoring
Receivables fully derecognized	88	0	88
Receivables not fully derecognized	119	53 275	53 394
DECEMBER 31, 2015 (NOTE 5.9)	**207**	**53 275**	**53 482**

In financial year 2016, interest of TEUR 223 for late payments was recognized as financial expense (previous year: TEUR 354). This interest relates to the continuing involvement in the receivables that have been fully derecognized as well as those that have not been fully derecognized.

6.9
EVENTS AFTER THE REPORTING PERIOD

No material events occurred after the reporting period.

6.10
APPROVAL OF THE ALSO GROUP CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were released for publication by the Board of Directors of ALSO Holding AG on February 8, 2017, and will be submitted to the Annual General Meeting of March 21, 2017, for approval.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS 2016

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of ALSO Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

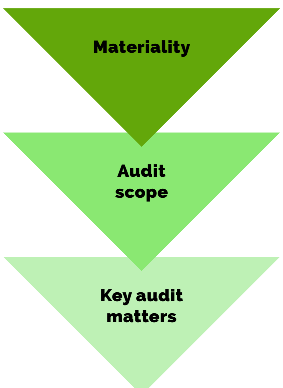
In our opinion, the accompanying consolidated financial statements (► pages 79 to 137) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

BASIS FOR OPINION

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Overview	Overall materiality: EUR 5 500 000
	We concluded full scope audit work at ten reporting units in seven countries. Our audit scope addressed over 85 % of the Group's net sales, 82 % of the assets and 80 % of the profit of the Group. Additionally, we concluded reviews at a further eight reporting units in eight countries, which addressed an additional 13 % of the net sales, 13 % of the assets and 13 % of the profit of the Group. As a key audit matter, the following area of focus has been identified: **IMPAIRMENT TESTING OF GOODWILL**

AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the work performed at Group components by auditors in the PwC network and by third parties. All significant subsidiaries of the Group were audited by PwC. Where audits were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit in order to assess whether adequate sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor included telephone conferences with the component auditors and an investigation of the risk assessment.

MATERIALITY

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	EUR 5 500 000
How we determined it	5 % of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. In addition, profit before tax is a generally accepted benchmark for considerations of materiality.

We agreed with the Audit Committee that we would report to them misstatements above EUR 550 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT TESTING OF GOODWILL

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill was deemed a key audit matter for the following two reasons: Goodwill represents a significant amount on the balance sheet. It amounts to a total of EUR 149.6 million, of which EUR 133.0 million relates to the Central Europe cash-generating unit and EUR 16.6 million relates to the North/Eastern Europe cash-generating unit. In addition, there is significant scope for judgement in determining the assumptions relating to future business results and the discount rate applied to forecasted cash flows. *Please refer to* ► **page 85** *(key assumptions and estimates),* ► **pages 91 and 92** *(accounting standards for intangible assets and impairment) and* ► **page 112** *(notes to the consolidated financial statements).*	We assessed the impairment tests carried out by the Group by performing the following audit procedures: ► For the forecasted cash flows, we assessed the budget process, especially whether Group Management and the Board of Directors monitored this process and challenged the assumptions made. ► We tested whether the values used for the impairment tests were in line with the budget approved by the Board of Directors. ► We discussed with Group Management the country-specific assumptions concerning revenue growth and long-term growth rates. ► We compared the assumptions relating to the prior year's revenues and results with those for the year under review in order to identify, in retrospect, any assumptions that were too optimistic regarding the budgeted revenues and results. ► We assessed the reasonableness of the forecasts relating to investments and to the change in net working capital. ► For each cash-generating unit (CGU), we compared the discount rate used with its cost of capital. ► In addition, using sensitivity analyses, we tested whether a significant change in each of the key assumptions (the discount rate, the EBITDA margin and the long-term growth rate) resulted in the impairment of the goodwill. ► We discussed the results of these tests with Group Management in terms of both the headroom available before the goodwill would be impaired and the probability of such a change in the assumptions occurring. In performing the audit procedures listed above, we addressed the risk of the impairment of the goodwill. We have no findings to report.

OTHER INFORMATION IN THE ANNUAL REPORT

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements and the compensation report of ALSO Holding AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuiss: ► http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Häfliger Audit expert Auditor in charge	Roger Leu Audit expert

Lucerne, 8 February 2017

PROFIT AND LOSS STATEMENT OF ALSO HOLDING AG

CHF 1 000	2016	2015
Service revenue	19 411	17 240
Investment revenue	50 592	23 786
Other operating income	1	37
Service expenses	–8 981	–7 478
Personnel expenses	–6 353	–7 130
Other operating expenses	–5 990	–5 572
Depreciation	–1	–199
Financial income	7 689	7 832
Financial expenses	–5 511	–12 029
Direct tax expenses	–381	–53
NET PROFIT	**50 476**	**16 434**

BALANCE SHEET OF ALSO HOLDING AG

ASSETS

CHF 1 000	12.31.2016	12.31.2015
Cash	20	16
Other current receivables		
From third parties	0	24
From Group companies	147 859	121 450
Prepaid expenses and accrued income	297	309
TOTAL CURRENT ASSETS	**148 176**	**121 799**
Loans to Group companies	148 058	149 240
Investments	513 623	513 505
Intangible assets	0	689
TOTAL NON-CURRENT ASSETS	**661 681**	**663 434**
TOTAL ASSETS	**809 857**	**785 233**

LIABILITIES AND EQUITY

CHF 1 000	12.31.2016	12.31.2015
Other current payables		
To third parties	154	2 649
To Group companies (interest-bearing)	58 590	61 653
Accrued expenses and deferred income	13 973	13 126
TOTAL CURRENT LIABILITIES	**72 717**	**77 428**
Liabilities to banks (interest-bearing)	139 845	136 626
TOTAL NON-CURRENT LIABILITIES	**139 845**	**136 626**
TOTAL LIABILITIES	**212 562**	**214 054**
Share capital	12 849	12 849
Legal capital reserves		
Capital contribution reserve	259 225	283 585
Share-premium reserve	8 618	8 618
Legal reserves		
General reserve	1 100	1 100
Special reserve	90 000	90 000
Retained earnings		
Balance brought forward	176 567	160 133
Net profit	50 476	16 434
Treasury shares	–1 540	–1 540
TOTAL SHAREHOLDERS' EQUITY	**597 295**	**571 179**
TOTAL LIABILITIES AND EQUITY	**809 857**	**785 233**

NOTES TO THE FINANCIAL STATEMENTS OF ALSO HOLDING AG

GENERAL

The financial statements of ALSO Holding AG, with registered office in Emmen, Switzerland, comply with the requirements of the Swiss Code of Obligations (SCO).

BASIS OF PREPARATION

Assets are valued at no higher than acquisition cost. All changes in value are recognized in the profit and loss statement. Due to their similarity investments are usually grouped together and tested for impairment once a year. Intangible assets are amortized over five years. Gains and losses from disposals of treasury shares, including transaction costs, are recognized directly in legal reserves. Liabilities are valued at nominal value.

All current assets and liabilities denominated in foreign currencies are translated according to the exchange rates applicable on the balance sheet date. For non-current assets and liabilities the imparity principle is applied. Income and expenses denominated in foreign currencies and all foreign exchange transactions are translated using the exchange rates as of the transaction dates. Resulting foreign exchange differences are recognized in the profit and loss statement.

Derivatives with positive replacement values are recognized at their acquisition cost. Derivatives with negative replacement values are recognized at their fair values.

CAPITAL

	Total in CHF 12.31.2016	Number of shares	Nominal value per share in CHF
Subscribed capital	12 848 962	12 848 962	1.00
Authorized capital increase (unclaimed)	2 500 000	2 500 000	1.00
Conditional capital increase (unclaimed)	2 500 000	2 500 000	1.00

Capital is unchanged compared to previous year.

TREASURY SHARES

	Date	Number	Value in TCHF	Price in CHF
JANUARY 1, 2015		**28 089**	**1 456**	**51.85**
Additions		–		
Disposals		–		
Revaluation	12.31.2015		84	
DECEMBER 31, 2015		**28 089**	**1 540**	**68.80**
Additions		–		
Disposals		–		
Revaluation	12.31.2016		–	
DECEMBER 31, 2016		**28 089**	**1 540**	**89.90**

In 2015 the value of treasury shares was increased to their historic cost of acquisition in order to comply with Swiss Accounting Legislation. This was recognized in finance result.

MAJOR SHAREHOLDERS

	12.31.2016	12.31.2015
Special Distribution Holding GmbH, Düsseldorf (Germany) */**	51.30 %	51.30 %
Schindler Pars International Ltd., Hergiswil (Switzerland) **/***	7.60 %	27.97 %
Bestinver Gestion, S.G.I.I.C. S.A., Madrid (Spain)	5.96 %	5.97 %
SaraSelect, c/o Sarasin Investmentfonds AG, Basel (Switzerland)	4.00 %	3.00 %
LB(Swiss) Investment AG, Zürich (Switzerland)	3.93 %	3.18 %

Share register as of December 31, 2016 (without nominees)
* Controlling shareholder: Walter P.J. Droege through Droege International Group AG
** Acted together as group of shareholders until September 15, 2016
*** Held 100 percent by Schindler Holding AG

CONTINGENT LIABILITIES

CHF 1 000	12.31.2016	12.31.2015
Conditional liabilities towards third parties	575 997	554 120
Letters of comfort	p.m.	p.m.
TOTAL	**575 997**	**554 120**

The contingent liabilities of ALSO Holding AG cover the conditional liabilities for bank guarantees, borrowing arrangements and delivery commitments of the Group companies.

LIABILITIES TO DEFINED BENEFIT PLANS

CHF 1 000	12.31.2016	12.31.2015
ALSO pension fund	14	16
TOTAL	**14**	**16**

NUMBER OF FULL-TIME EQUIVALENT POSITIONS

In 2016, the average number of full-time equivalent positions was 12 (previous year: 13).

INFORMATION ABOUT DIRECTLY OR INDIRECTLY CONTROLLED INVESTMENTS

Country	Head office	Company	Participation* 12.31.2016	Participation* 12.31.2015	Share capital in 1000	Currency	Code
Switzerland	Emmen	ALSO Holding AG			12 849	CHF	S
	Emmen	ALSO Schweiz AG	100 %	100 %	100	CHF	D
	Thun	NRS Printing Solutions AG	100 %	100 %	100	CHF	S
	Emmen	Quatec AG	100 %	100 %	100	CHF	S
	Stans	Bachmann Mobile Kommunikation AG	100 %	30 %	100	CHF	S
Denmark	Tåstrup	ALSO A/S	100 %	100 %	39 000	DKK	D
Germany	Soest	ALSO Deutschland GmbH	100 %	100 %	20 000	EUR	D
	Osnabrück	NT plus GmbH	100 %	100 %	12 500	EUR	D
	Osnabrück	SEAMCOM GmbH & Co. KG	100 %	100 %	203	EUR	D
	Osnabrück	SEAMCOM Verwaltungs GmbH	100 %	100 %	26	EUR	S
	Straubing	ALSO MPS GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann.de GmbH	100 %	100 %	200	EUR	S
	Berlin	LumIT GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO IS GmbH	100 %	100 %	100	EUR	S
	Soest	ALSO IH GmbH	100 %	100 %	25	EUR	S
	Soest	Impaso Online Services GmbH	100 %	100 %	25	EUR	S
	Staufenberg	Fulfilment Plus GmbH	100 %	100 %	50	EUR	S
	Pullach i. Isartal	SINAS Beteiligungs GmbH & Co. Vermietungs-KG	0 %	0 %	9	EUR	S
	Soest	MEDIUM GmbH	100 %	80 %	25	EUR	D
	Frankfurt am Main	Pestinger GmbH	74.8 %	74.8 %	26	EUR	D
	Stuttgart	Beamer & more GmbH	51 %	51 %	25	EUR	D
	Berlin	ALSO Enterprise Services GmbH	100 %	100 %	100	EUR	S
	Berlin	ALSO bringback GmbH	100 %	100 %	25	EUR	S
	Berlin	Webinstore AG	99.99 %	99.99 %	500	EUR	S
	Soest	ALSO Mobility Services GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO Logistics Services GmbH i. L.	100 %	100 %	25	EUR	S
Finland	Tampere	ALSO Nordic Holding Oy	100 %	100 %	10 000	EUR	S
	Tampere	ALSO Finland Oy	100 %	100 %	841	EUR	D
	Helsinki	ALSO Cloud Oy	100 %	100 %	11	EUR	S
	Helsinki	ALSO Cloud Solutions Oy	100 %	100 %	3	EUR	S
France	Gennevilliers	ALSO France S.A.S.	100 %	100 %	14 500	EUR	D
	Gennevilliers	LAFI Logiciels Application Formation Information S.A.S.	100 %	100 %	400	EUR	S
Netherlands	Nieuwegein	ALSO Nederland B.V.	100 %	100 %	1 000	EUR	D
	Nijmegen	ALSO Digital Holding B.V.	51 %	51 %	18	EUR	S
	Nijmegen	ALSO Digital B.V.	100 %	100 %	18	EUR	S

INFORMATION ABOUT DIRECTLY OR INDIRECTLY CONTROLLED INVESTMENTS

Country	Head office	Company	Participation* 12.31.2016	Participation* 12.31.2015	Share capital in 1000	Currency	Code
	Nijmegen	ALSO International B.V. (formerly Alpha International B.V.)	100 %	100 %	18	EUR	D
Norway	Sandefjord	ALSO AS	100 %	100 %	11 063	NOK	D
Estonia	Tallinn	ALSO Eesti OÛ	100 %	100 %	192	EUR	D
Latvia	Mārupe	SIA "ALSO Latvia"	100 %	100 %	1 210	EUR	D
	Riga	ALSO Cloud Latvia SIA	100 %	–	100	EUR	S
Lithuania	Kaunas	UAB "ALSO Lietuva"	100 %	100 %	1 883	EUR	D
Austria	Gross-Enzersdorf	ALSO Austria GmbH	100 %	100 %	100	EUR	D
Poland	Warsaw	ALSO Polska sp. z o.o.	99.99 %	99.99 %	41 705	PLN	D
	Goleniow	MLS sp. z o.o.	100 %	100 %	5 000	PLN	D
	Goleniow	Blue Bridge sp. z o.o.	100 %	100 %	100	PLN	S
	Szczecin	iTerra sp. z o.o.	100 %	100 %	3 250	PLN	D
Sweden	Malmö	ALSO Sweden AB	100 %	100 %	1 000	SEK	D
Slovenia	Ljubljana	ALSO d.o.o.	100 %	–	8	EUR	S

Codes: D = Distribution, S = Service/Holding company
* Participation equals ALSO Holding AG's direct or indirect voting interest in the company.

PARTICIPATIONS, CONVERSION RIGHTS AND OPTIONS

In accordance with Art. 25 of the Articles of Association, no participations, conversion rights or options are granted to members of the Board of Directors or Group Management.

The existing participations, conversion rights, and options of the members of the Board of Directors and Group Management and their related parties are as follows:

BOARD OF DIRECTORS 2016

	12.31.2016	
	Number of shares	Number of options
Gustavo Möller-Hergt, Chairman/Executive Member	–	–
Walter P.J. Droege, Vice Chairman	6 592 032	–
Karl Hofstetter	2 000	–
Rudolf Marty	10	–
Frank Tanski	–	–
Peter Athanas	–	–
Ernest-W. Droege	–	–
Total	**6 594 042**	**–**

BOARD OF DIRECTORS 2015

	12.31.2015	
	Number of shares	Number of options
Gustavo Möller-Hergt, Chairman/Executive Member	–	–
Walter P.J. Droege, Vice Chairman	6 592 032	–
Karl Hofstetter	2 000	–
Rudolf Marty	10	–
Frank Tanski	–	–
Peter Athanas	–	–
Olaf Berlien	–	–
Total	**6 594 042**	**–**

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. All other members of the Board of Directors are non-executive members.

GROUP MANAGEMENT

Neither in the reporting year nor in the prior year did the members of Group Management receive participations, conversion rights, or options.

ADDITIONAL DISCLOSURES, STATEMENT OF CASH FLOWS AND STATUS REPORT

In accordance with Art. 961d, Paragraph 1, of the Swiss Code of Obligations, additional disclosures, the statement of cash flows and the status report are dispensed with, as the ALSO Holding AG prepares the consolidated financial statements in accordance with a generally accepted financial reporting standard.

EVENTS AFTER THE REPORTING PERIOD

These financial statements were released for publication by the Board of Directors of ALSO Holding AG on February 8, 2017, and will be submitted to the Annual General Meeting of March 21, 2017, for approval.

No material events occurred after the reporting period.

There are no further matters requiring disclosure according to the Swiss Code of Obligations (SCO) Art. 959c.

PROPOSAL OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING OF MARCH 21, 2017

CHF 1 000	**2016**	2015
BROUGHT FORWARD, JANUARY 1	**176 567**	**160 133**
Net profit	50 476	16 434
Dissolution of reserve from contribution in kind	28 847	24 360
TOTAL AVAILABLE EARNINGS	**255 890**	**200 927**
DISBURSEMENT OF RESERVE FROM CONTRIBUTION IN KIND	**–28 847**	**–24 360**
Balance to be carried forward	227 043	176 567

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING ON THE FINANCIAL STATEMENTS 2016

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of ALSO Holding AG, which comprise the balance sheet as at 31 December 2016, income statement and notes for the year then ended, including a summary of significant accounting policies.

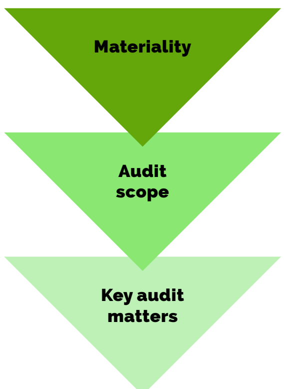
In our opinion, the accompanying financial statements (► pages 142 to 148) as at 31 December 2016 comply with Swiss law and the articles of incorporation.

BASIS FOR OPINION

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Overview	Overall materiality: CHF 2 900 000
	We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.
	As a key audit matter, the following area of focus has been identified: **IMPAIRMENT OF EQUITY INVESTMENTS**

AUDIT SCOPE

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	CHF 2 900 000
How we determined it	0.5 % of equity
Rationale for the materiality benchmark applied	We chose equity as the benchmark because it is a relevant and generally accepted benchmark for materiality considerations relating to a holding company.

We agreed with the Audit Committee that we would report to them misstatements above CHF 290 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT OF EQUITY INVESTMENTS

Key audit matter	How our audit addressed the key audit matter
Impairment testing of equity investments was deemed a key audit matter for the following two reasons: Equity investments of CHF 513.6 million represent the largest single asset category. A valuation adjustment on this item would have a significant impact on the equity of the company. Testing for impairment depends on the future results of the each company concerned. In addition, there is significant scope for judgement in determining the assumptions with regard to future results. *Please refer to* ► page 144 *(Accounting policies).*	We assessed the impairment test performed by the company on equity investments by performing the following audit procedures: ► For the forecasted cash flows, we assessed the budget process, especially whether Management and the Board of Directors monitored this process and challenged the assumptions made. ► We tested whether the values used for the impairment test were in line with the budget approved by the Board of Directors. ► We discussed with Management the country-specific assumptions concerning revenue growth and long-term growth rates. ► We compared the assumptions relating to the prior year's revenues and results with those for the year under review in order to identify, in retrospect, any assumptions that were too optimistic regarding the budgeted revenues and results. ► We assessed the adequacy of the forecasts relating to investments and to the change in net working capital. ► We compared the applied discount rate with the respective cost of capital. ► In addition, using sensitivity analyses, we tested whether a significant change in each of the key assumptions (the discount rate, the EBITDA margin and the long-term growth rate) resulted in the impairment of the equity investments. ► We discussed the results of these tests with Management in terms of both the headroom available before the carrying amount of the equity investments would be impaired and the probability of such a change in the assumptions occurring. In performing the audit procedures listed above, we addressed the risk of impairment of the equity investments. We have no findings to report.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuiss: ► http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors. We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Bruno Häfliger Audit expert Auditor in charge	Roger Leu Audit expert

Lucerne, 8 February 2017

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